



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, November 01, 2012

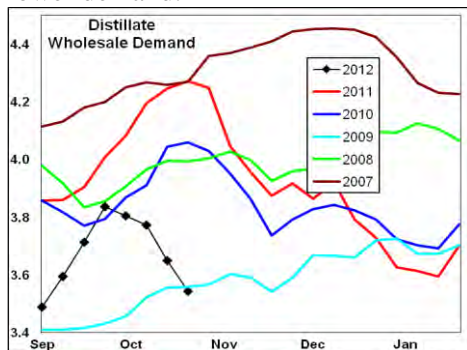


#### Major Fundamental Trends<sup>1</sup>

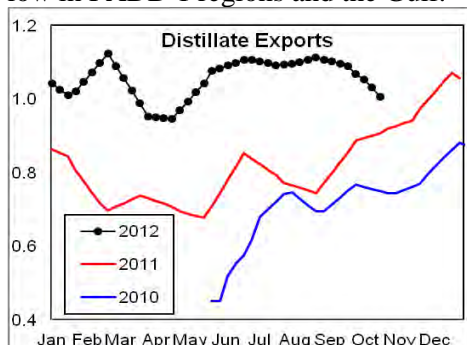
Hurricane Sandy has disrupted refined fuel supplies in the Central Atlantic Region by flooding and loss of power to terminals serving the market, with approximately 300,000 bpd of refinery capacity offline.

Demand has also been constrained by a reduction in transport activity and lack of available supply. As terminals return to operation, pipeline and waterborne receipts should assure ample supplies.

Distillate demand remains extremely weak, off -0.5 million bpd compared to a year ago. Note that October demand in each of the last 2-years spiked, making the year-on-year decrease unusually large. An early end to the fall agriculture season, unusually low heating degree days and slowing transport use into the northeast ahead of the hurricane last week underlies lower demand.



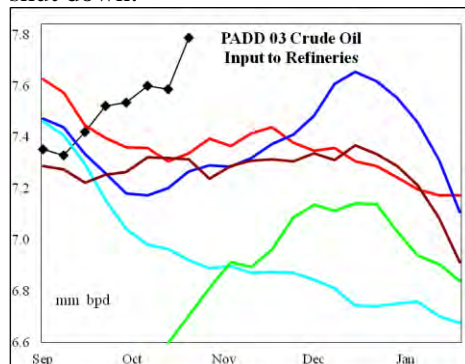
The weak distillate demand has led to a +0.8 million stock build during the last 2-wks. Stock levels remain extremely low in PADD 1 regions and the Gulf.



Distillate exports during the latest 4-wk period average +150,000 bpd above a year ago, which underlies the draw down in stocks. Expect a surge in exports from the Gulf as distillate stocks increased in the region due to shut down of Colonial Pipeline.

High exports, low stock levels in key regional markets and start of winter heating season points to ongoing risk of a supply squeeze during the winter heating season for the Atlantic Basin Region (East Coast, Gulf Coast and Europe regional markets).

Crude oil refinery throughput increased to a new record high in the Gulf region last week, even as pipeline shipments to northeast markets were shut down.



As a result, stocks of refined fuels increased a combined +4.6 million barrels in this region.

**Demand** for gasoline jumped +0.4 million bpd last week as retailers increased stocks ahead of Hurricane Sandy. Distillate demand remained extremely weak. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +0.1%; distillate fell -12.5%; jet fuel up +3.2% while residual fuel oil increased +6%.

**Stocks forward coverage:** Gasoline demand coverage was nearly unchanged on a sharp increase in demand, partially offset by a +0.9 million barrel stock build. Coverage levels were below the average of the last 3-years.

Distillate coverage was nearly unchanged on a -0.1 million barrel

stock draw, offset by continued very low demand. Coverage levels were at the low end of the 5-year range.

Jet fuel coverage increased on a +1.7 million barrel stock build and collapse in wholesale demand. Coverage levels ended the week slightly below the last 2-years.

**Refinery utilization** rates were nearly unchanged last week on a +48,000 bpd increase in crude oil runs. During the latest 4-wk period crude oil input was +230,000 bpd above a year ago.

Gasoline yield % on crude oil runs increased on a +214,000 bpd rise in output compared to the +48,000 bpd upturn in crude oil runs. Yield % on crude oil runs matched the 3-year average.

Distillate yield % on crude oil runs increased on a +123,000 bpd rise in production, compared to the small increase crude oil runs. The yield % was slightly below the last 2-years.

Jet fuel yield % on crude oil runs increased on a +22,000 bpd rise in output, compared to the small increase in crude oil runs. The yield % was above the 5-year range.

**Petroleum Imports** of crude oil fell -0.9 million bpd last week to a new record low level. Imports of gasoline were higher while middle distillates saw small declines. During the latest 4-wk period crude oil imports were -0.5 million bpd below last year; distillate imports decreased -51,000 bpd; finished gasoline imports decreased -21,000 bpd, gasoline blend stock imports decreased -19,000 bpd; jet fuel imports were +51,000 bpd higher, while residual fuel oil imports fell -43,000 bpd.

**Crude Oil** imports fell -0.9 million bpd last week, concentrated in the Gulf region. Stocks decreased -2 million barrels, again concentrated in the Gulf as a result of lower imports. Cushing stocks ended the week +1.8 million barrels above last year, +37%.

<sup>1</sup> Source is latest EIA Weekly Statistics



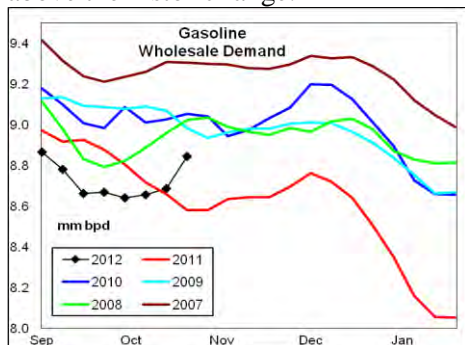
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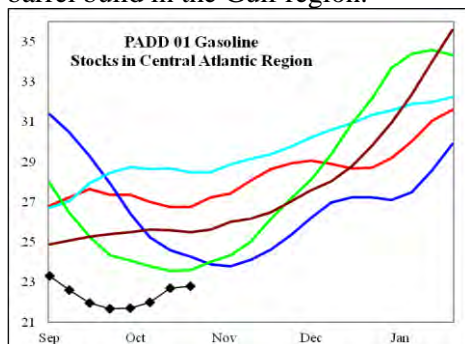
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#### Product Supply-Demand Trends

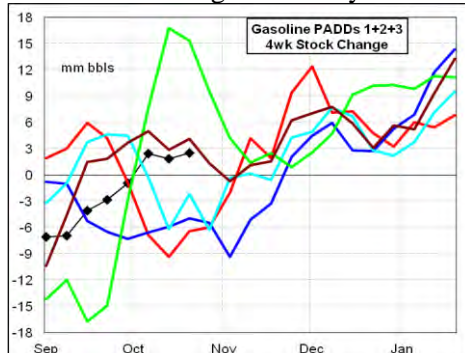
**Gasoline** demand surged +351,000 bpd last week, on retail inventory builds ahead of Hurricane Sandy. The latest 4-wk average demand was +7,000 bpd above a year ago. Supply increased +304,000 bpd last week, with output above the historic range.



Stocks climbed +0.9 million barrels on the week, including a +1.5 million barrel build in the Gulf region.



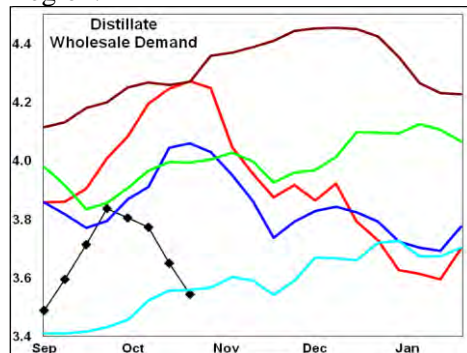
The latest 4-wk stock change in markets East of the Rockies was a +2.5 million barrel stock build. This build compares to an average -6 million barrel draw during the last 3-years.



The bottleneck on the east coast is inoperable terminals, due to flooding and lost power. Expect markets to have ample supply as quickly as terminals are restarted via pipeline and barge receipts. Other regional

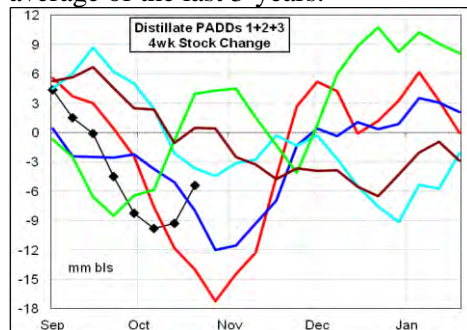
markets are well supplied.

**Distillate** demand was nearly unchanged last week, at record low levels. The latest 4-wk average demand was -526,000 bpd below a year ago; driven by an early end to the fall agriculture season, low heating degree days, and a pull back in transportation to the Central Atlantic Region.



Supply increased +96,000 bpd on the week due to higher production. Stocks decreased -0.1 million barrels last week, including a -0.7 million barrel draw on the East Coast.

The latest 4-wk stock change in markets East of the Rockies was a -5.4 million barrel draw, less than the average of the last 3-years.



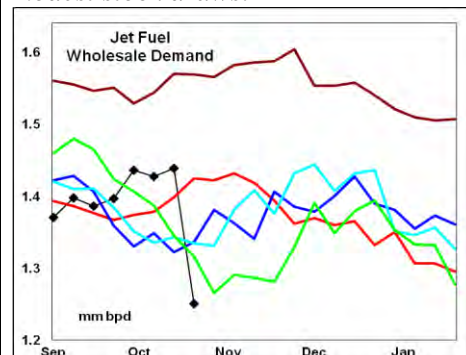
Demand should be constrained in the first half of November on lower economic activity due to Hurricane Sandy and low heating degree days. Infrastructure building in the Central Atlantic Region and start of winter heating should lead to a rebound in demand. Stock levels remain very low in key regional markets with risk of very tight supply during the next 2-quarters.

**Jet Fuel** demand fell -251,000 bpd on the week with the level below the historic range. The latest 4-wk average

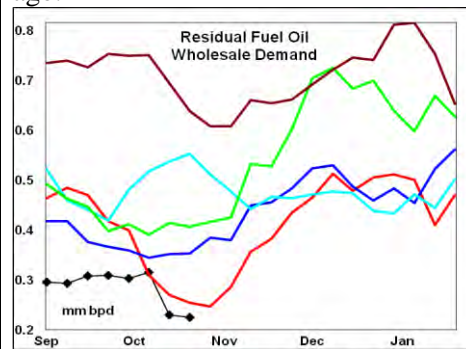
demand was +45,000 bpd above a year ago.

Supplies were nearly unchanged on the week, with production above the 5-year range. Stocks climbed +1.7 million barrels on the week to a level -3% below last year.

Hurricane Sandy should drive a sharp near term drop in demand, with high production driving counter seasonal stock builds. Longer term, higher seasonal demand should lead to modest stock draws.



**Residual fuel oil** demand decreased -56,000 bpd last week, with the latest 4-wk average +18,000 bpd above a year ago.



Supply (production + imports) decreased -33,000 bpd last week, on lower imports. The latest 4-wk average supply was -93000 bpd below last year on lower production and imports. Stocks increased +1.1million barrels on the week, a level slightly above last year.

Wholesale demand for the latest 4-wk period was near last years' record lows. Sharply higher production, partially offset by a drop in imports underlies the stock build. Stock levels and production in the Gulf region spiked to record highs last week.





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#### PADD Supply Trends

**PADD 1** refinery crude oil runs declined -69,000 bpd last week, a level comparable to the average of the last 2-years.

Gasoline supply increased +67,000 bpd on higher imports. Stocks decreased -0.2 million barrels on the week, as pre hurricane hoarding pulled stocks to 5-year lows for the week.

*Hurricane Sandy has disrupted terminal operations serving much of the Central Atlantic region, due to flooding and lack of electric power. While most refiners are operating, and Gulf pipelines are unaffected, the closure of terminals has limited supplies.*

*Demand in the region is also sharply lower due to disruptions in the highway transportation network from flooding.*

*Once terminals return to operation, the market should have adequate supplies.*

Distillate supply decreased -82,000 bpd on the week. Imports and production were each lower. Stocks fell -0.7 million barrels on the week, as distributors filled storage ahead of the hurricane.

Jet fuel supply increased +26,000 bpd last week, with the level below the 5-year range. Stocks climbed +0.7 million barrels on the week, with the level -15% below the 3-year mid range.

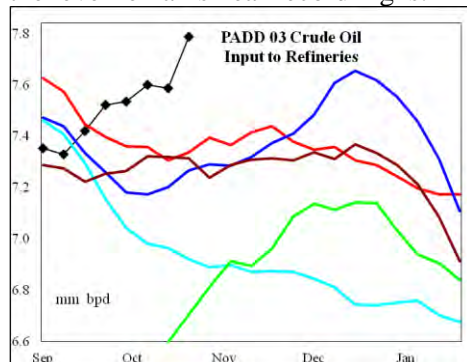
**PADD 2** crude oil refinery runs increased +20,000 bpd to a level that matched a year ago. The latest 4-wk average crude runs were -40,000 bpd below last year. Stocks decreased -0.4 million barrels, to a level +13.4 million barrels above the prior record high.

Gasoline production declined -79,000 bpd on the week, with the latest 4-wk average -42,000 bpd below a year ago. Stocks declined -0.7 million barrels to a level that was below the historic range.

Distillate production decreased -46,000 bpd on the week, to a level that matched 5-year highs for this time of year. Stocks decreased -0.1 million barrels on the week, to a level near the mid range.

Jet fuel production increased +1,000 bpd last week, to a record high level for the week. Stocks were unchanged on the week, at a level below the last 3-years.

**PADD 3** refinery runs increased +234,000 bpd on the week, to a level well above the 5-year range. The latest 4-wk average runs were +263,000 bpd above a year ago. Stocks decreased -1.7 million barrels last week, although the level remains near record highs.



Gasoline supply increased +145,000 bpd on the week, with production comparable to the last 2-years. Stocks increased +1.5 million barrels last week, with the level -2 million barrels below a year ago.

Distillate supply jumped +250,000 bpd on the week, with the latest 4-wk average supply -50,000 bpd below a year ago. Stocks increased +0.7 million barrels on the week, to a level -19% below last year.

Jet fuel production increased +32,000 bpd last week, to a new record high. Stocks increased +0.8 million barrels on the week to a level that matched the 3-year mid range.

Residual fuel oil stocks increased +1.6 million barrels on the week, a new record high. Supply increased +101,000 bpd last week, to a level above the historic range.

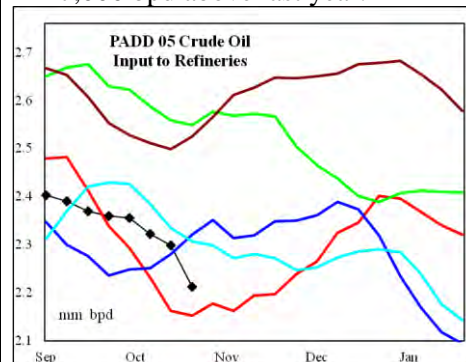
**PADD 4** refinery crude runs increased +3,000 bpd on the week, with the level

at the historic mid range. The most recent 4-wk average run rate was -32,000 bpd below last year.

Gasoline supply decreased -11,000 bpd on the week, with the level well below the mid range. Stocks fell -0.3 million barrels to level that matched record lows for the period.

Distillate production declined -17,000 bpd last week, to a level below the last 3-years. Stocks decreased -0.2 million barrels last week, although the level remains near historic highs.


**PADD 5** crude oil refinery runs fell -141,000 bpd last week, to a level near last years' record low. Runs for the most recent 4-wk period were +127,000 bpd above last year.



Gasoline supply increased +85,000 bpd on the week, with production levels above the last 3-years. The latest 4-wk average supply was +54,000 bpd above last year. Stocks increased +0.7 million barrels on the week to a level that matched highs for this time of year.

Distillate supply decreased -12,000 bpd on the week, with the latest 4-wk average +12,000 bpd above a year ago. Stocks increased +0.1 million barrels on the week, to a level that matched historic highs for the period.

Jet fuel supplies fell -49,000 bpd last week on lower imports. Production matched last years' record low level. Stocks ended the week +13% above the prior record high for this time of year.



FUNDAMENTAL

PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

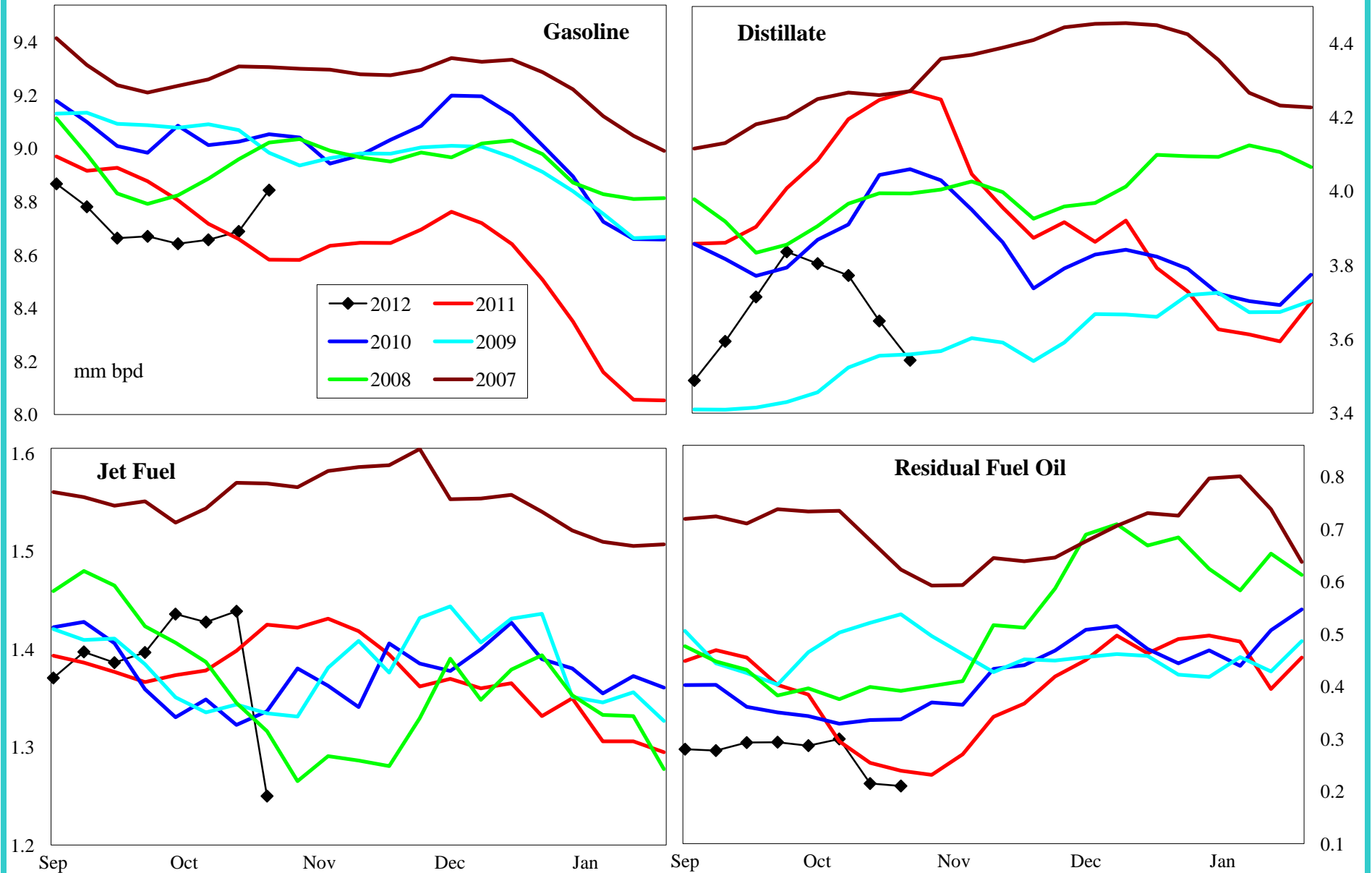
November 1, 2012

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Fundamental Trends	<a href="#">Wholesale Demand</a>	<a href="#">Stocks Days Fwd Coverage</a>	<a href="#">Refinery Utilization</a>		<a href="#">Product Yield %</a>		<a href="#">Imports</a>
Supply/Demand Trends	26-Oct-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<a href="#">Crude Oil</a>	Stocks	-2,045	-351	-419	-1,696	104	318
	Imports	-901	-147	-79	-688	-67	79
	Input	48	-69	20	234	3	-141
	% Utilization	0.50					
<a href="#">Gasoline</a>	Stocks	935	-202	-719	1,460	-302	699
	Production	214	-48	-79	204	-11	65
	Imports	90	115	1	-45	0	20
	Supplied	351					
<a href="#">Distillate</a>	Stocks	-93	-687	-109	734	-163	130
	Production	123	-54	-46	250	-17	-10
	Imports	-27	-28	2	0	1	-2
	Supplied	17					
<a href="#">Jet Fuel</a>	Stocks	1,669	699	49	766	76	79
	Production	22	-2	1	32	-3	-4
	Imports	-17	28	0	0	0	-45
	Supplied	-251					
<a href="#">Residual Fuel Oil</a>	Stocks	1,102	-136	36	1,646	5	-449
	Production	141	-6	17	106	0	23
	Imports	-174	-103	-1	-5	0	-64
	Supplied	-56					

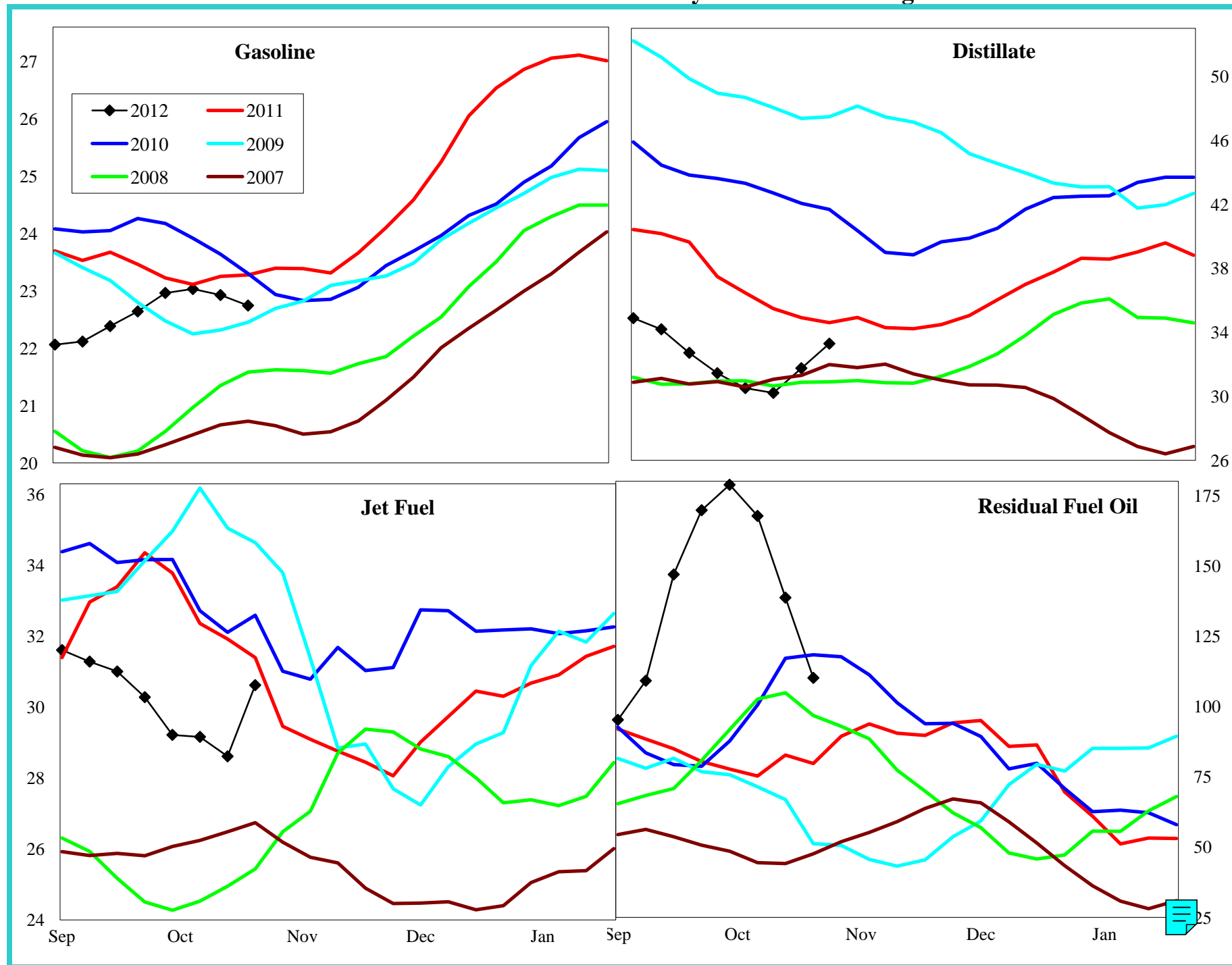
# United States Wholesale Petroleum Demand



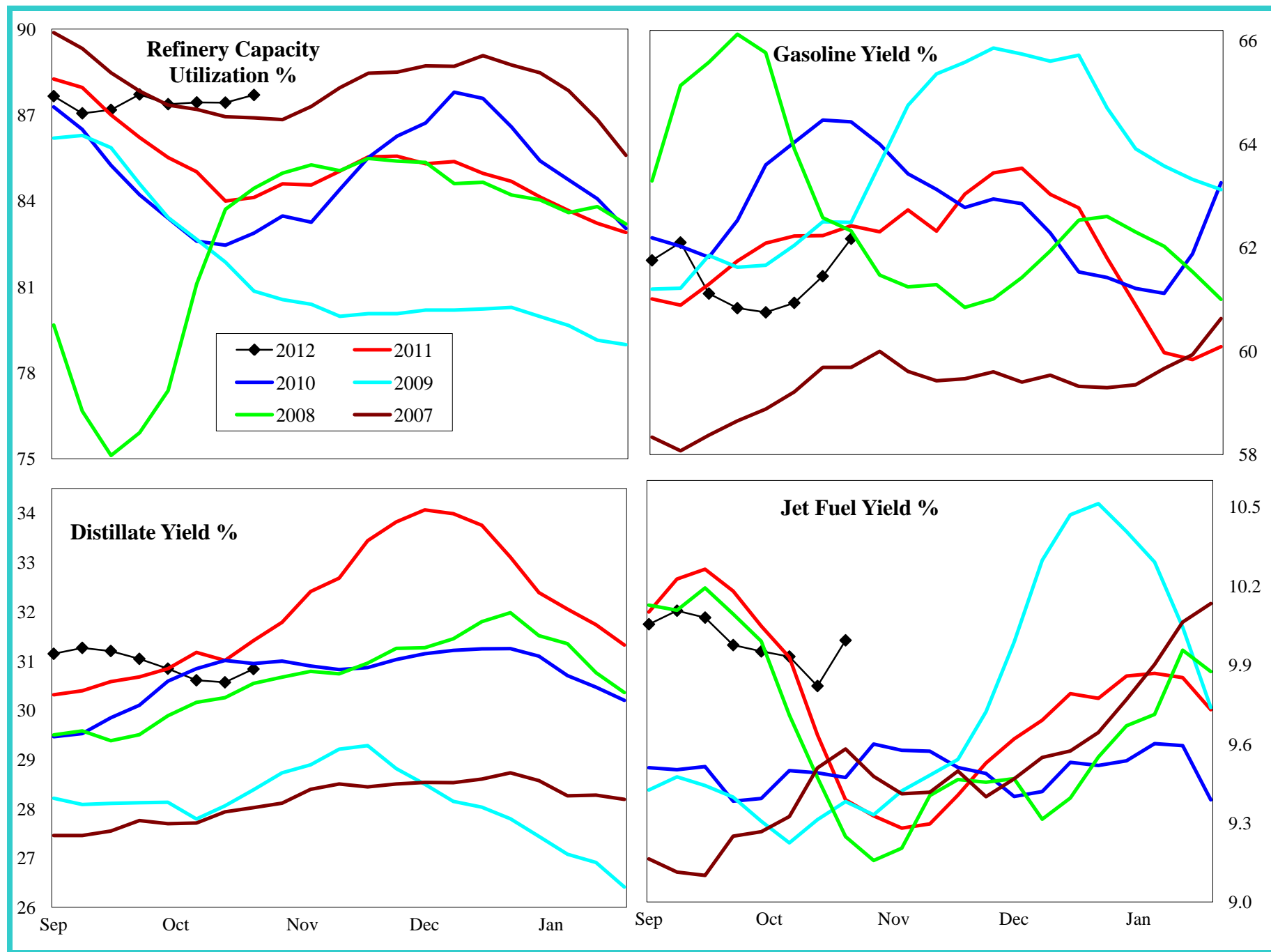
	000 bpd change from prior year				% change from prior year			
	4wk avg	Sep	Jan	Jul	4wk avg	Sep	Aug	Jul
Gasoline	7	-101	31	-212	0.1	-1.2	0.3	-2.3
Distillate	-526	-248	-156	-12	-12.5	-6.3	-3.9	-0.3
Jet Fuel	45	15	-52	-5	3.2	1.1	-3.3	-0.3
Resid	18	-180	102	102	6.4	-37.3	32.0	32.3



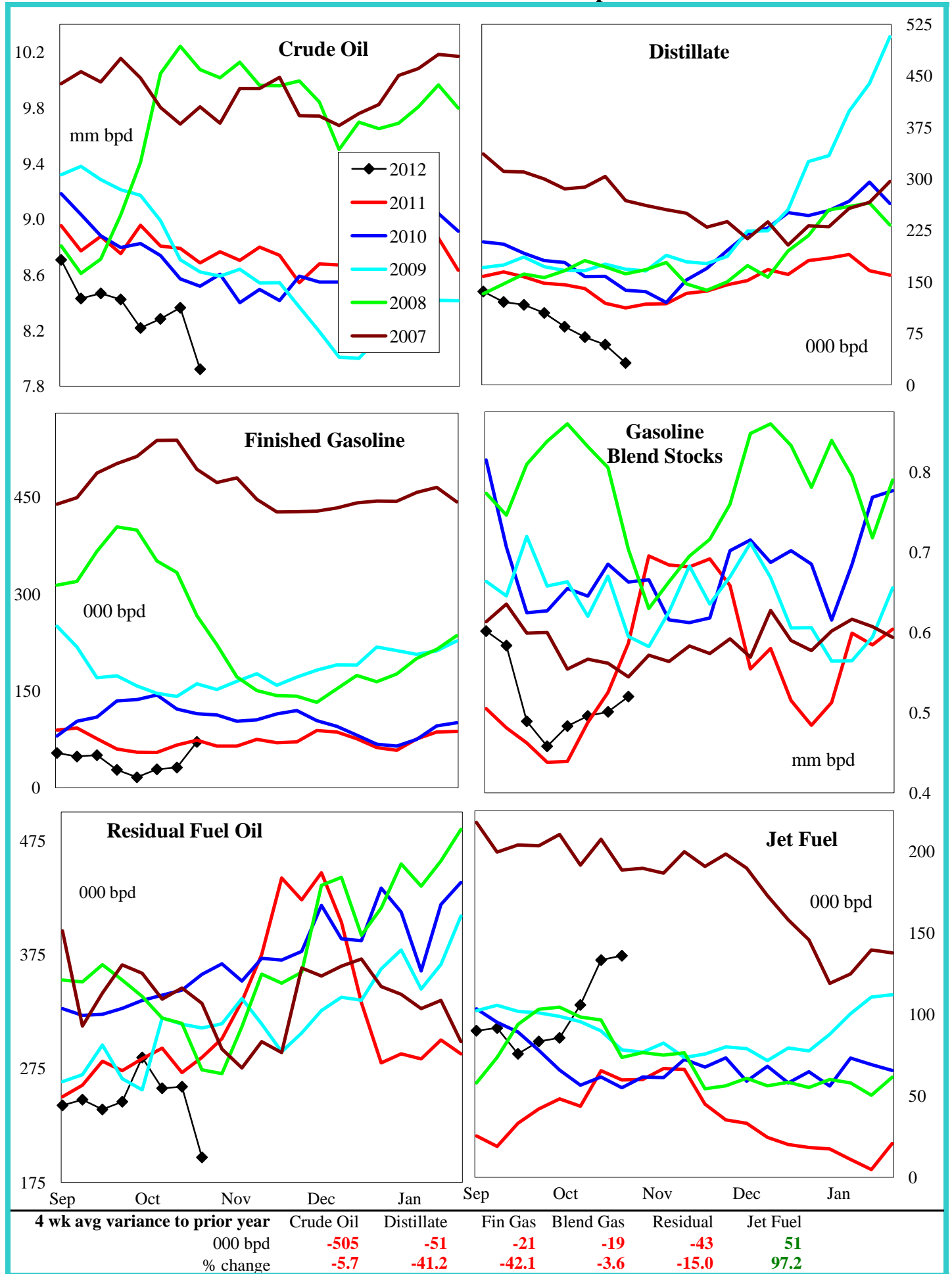
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

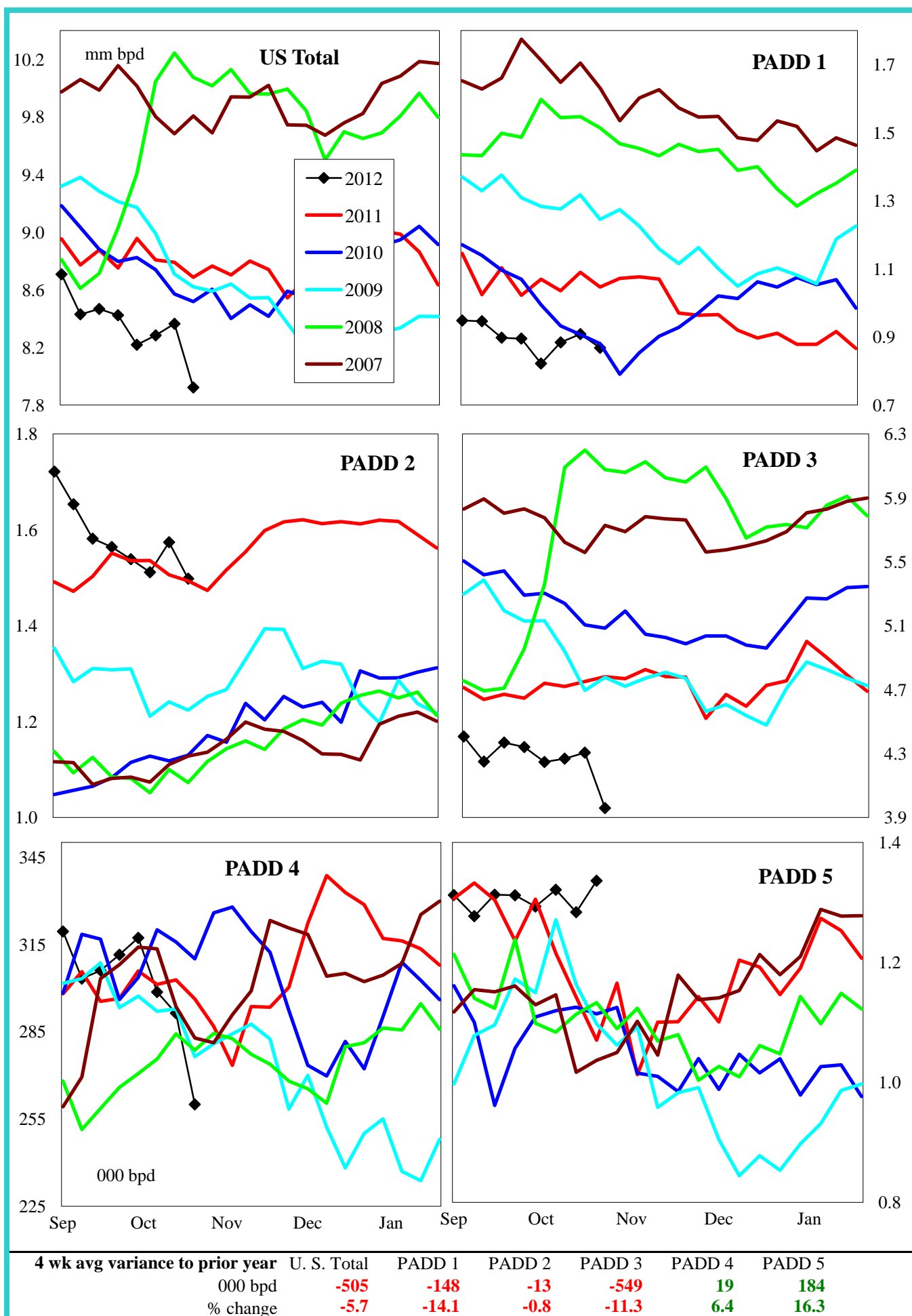


# United States Petroleum Imports

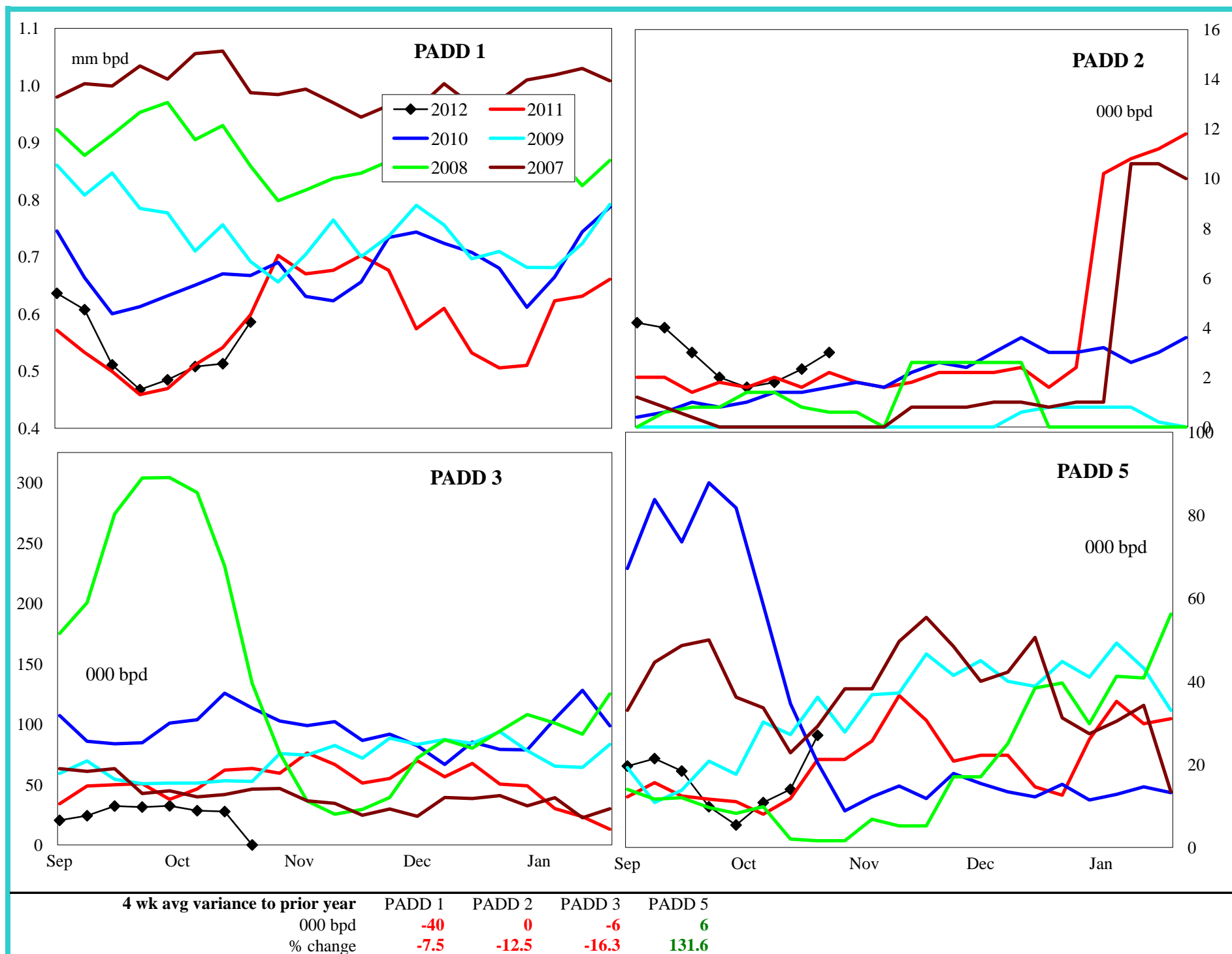




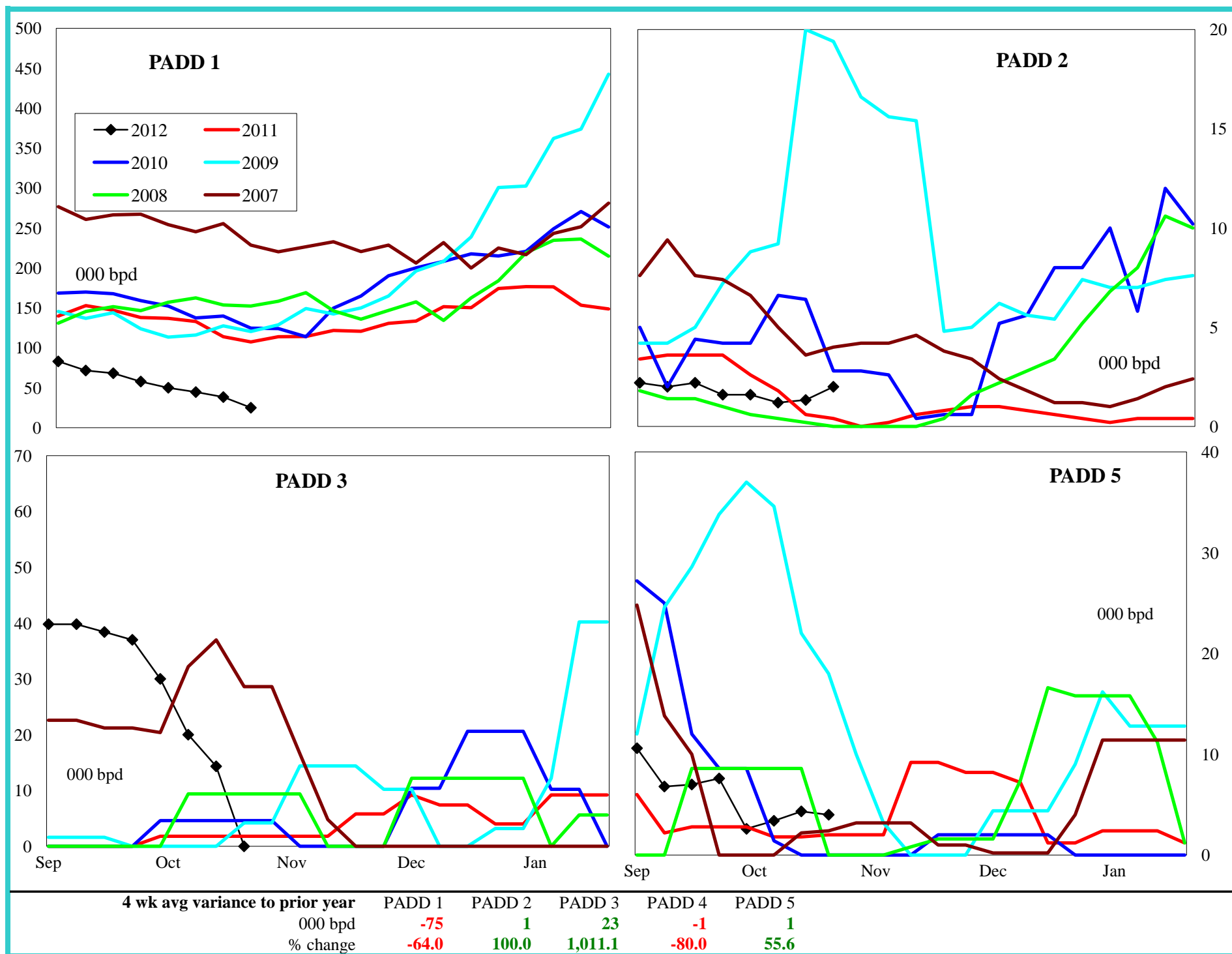
## Crude Oil Imports by PADD



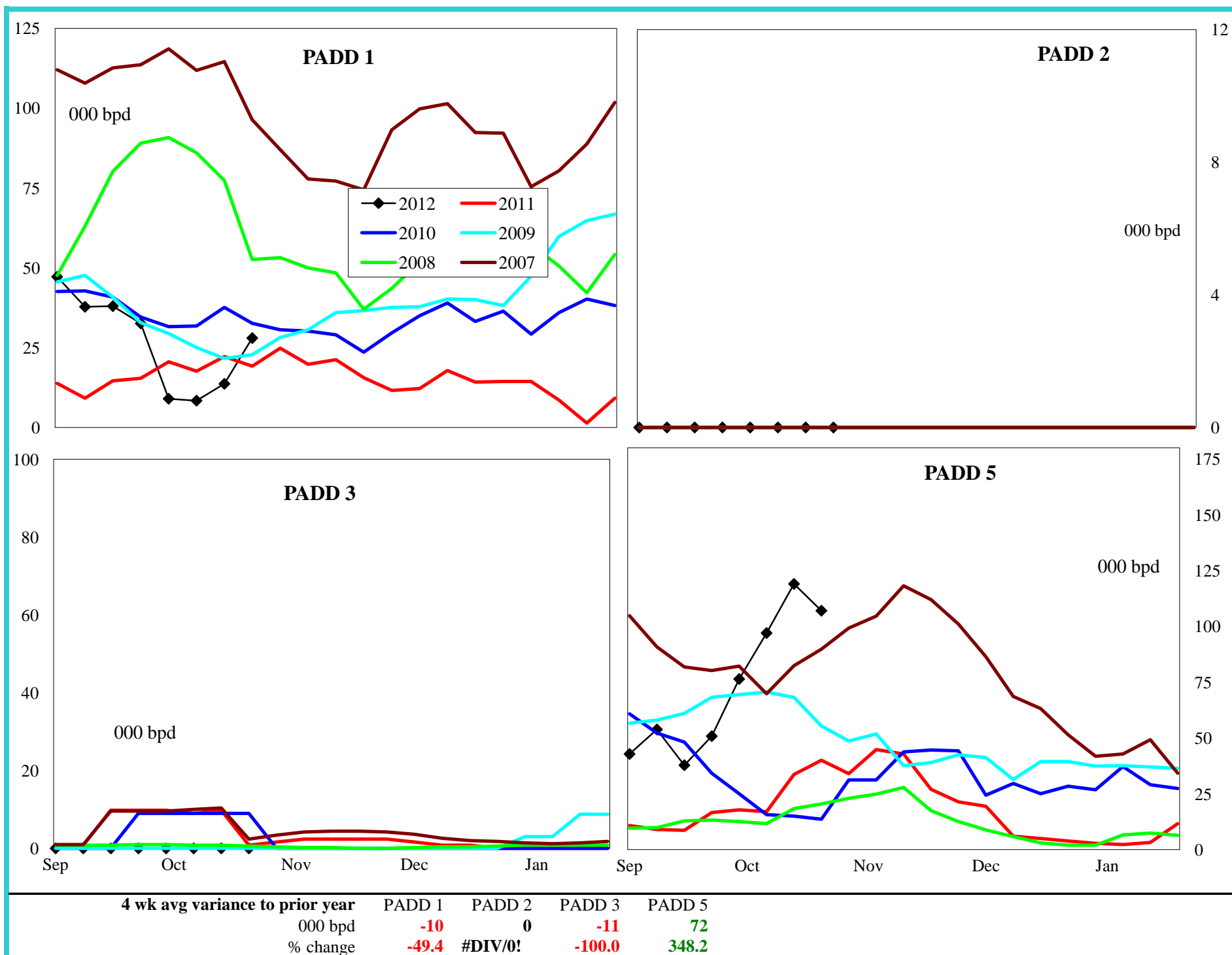
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

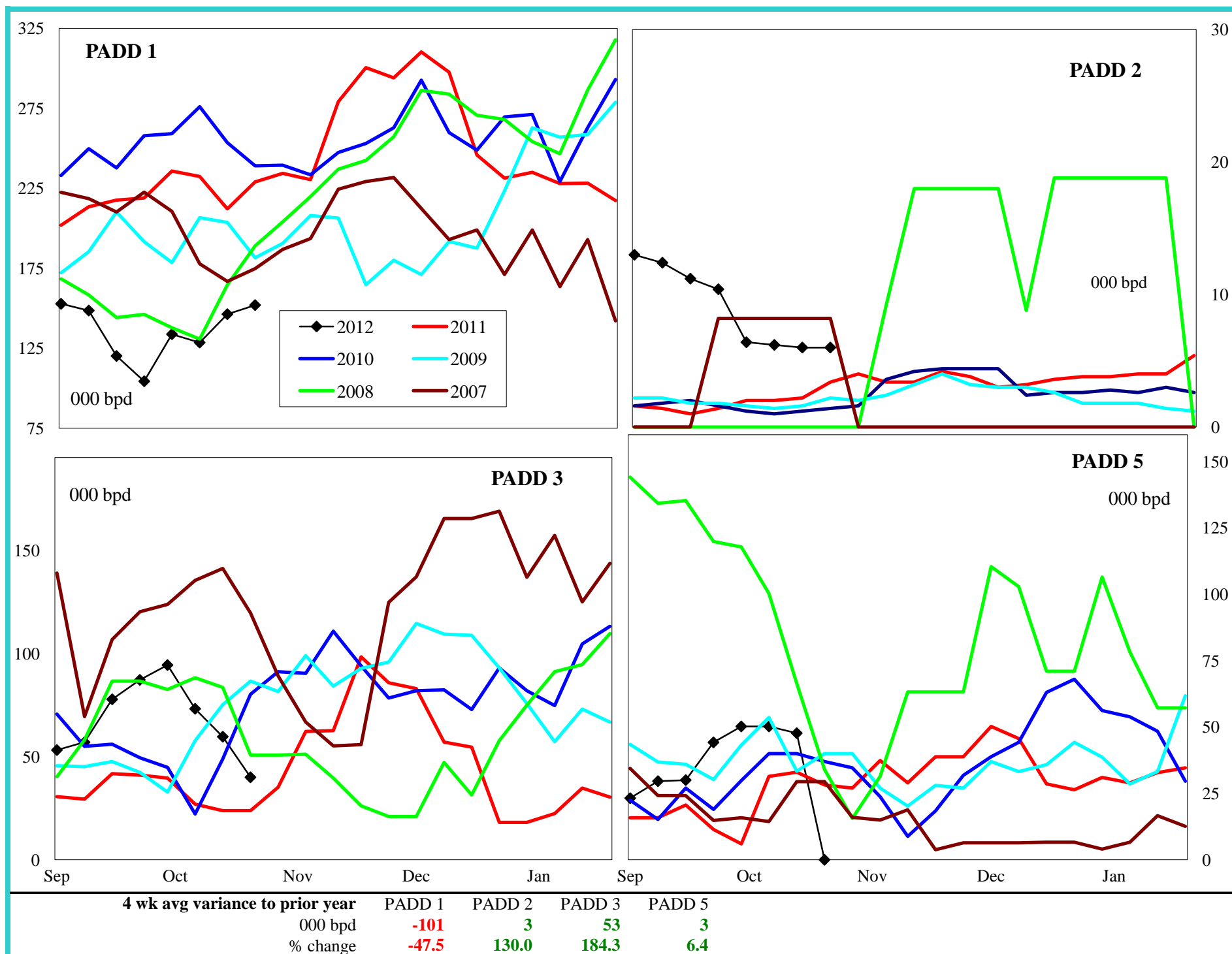


# Jet Fuel Imports by PADD

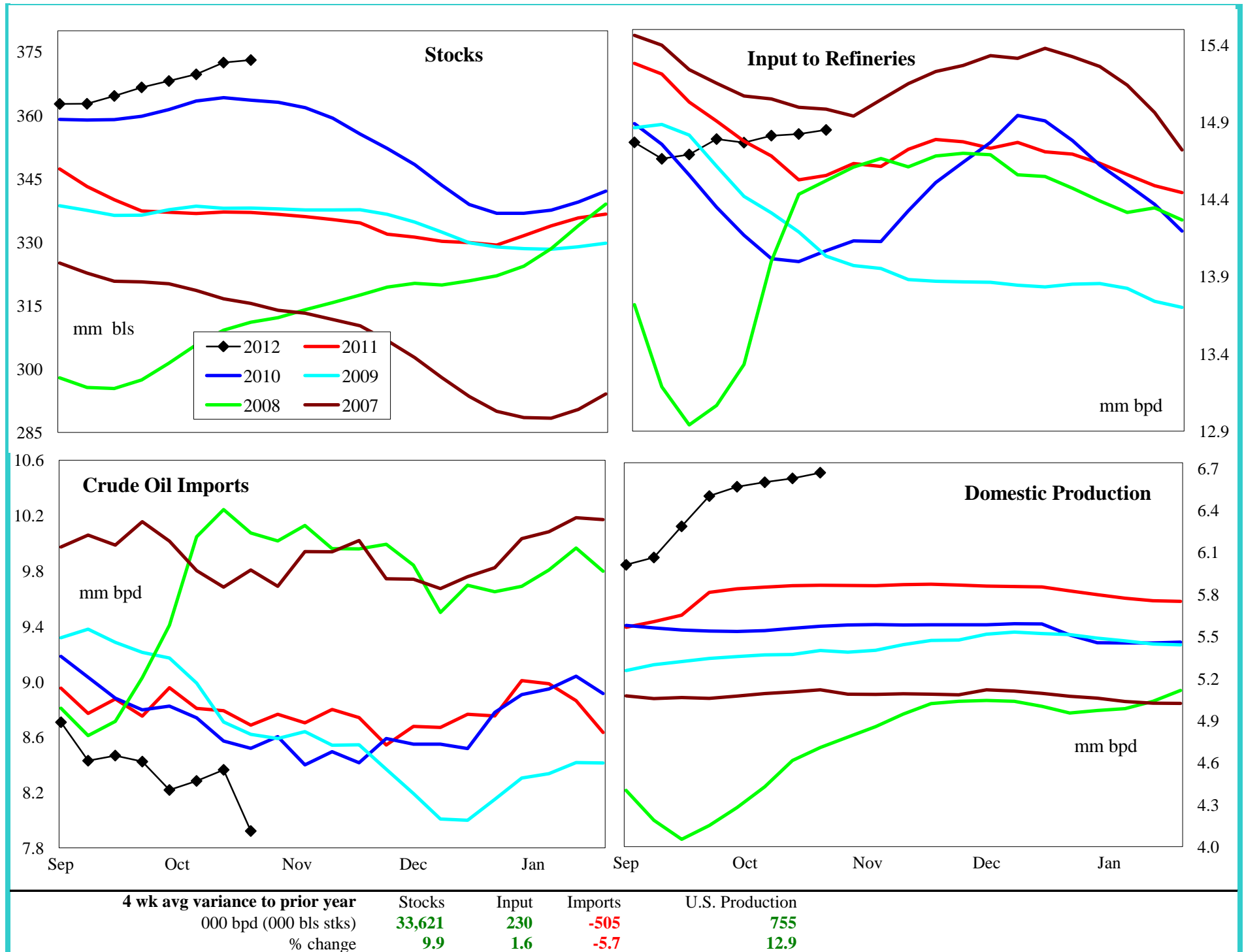




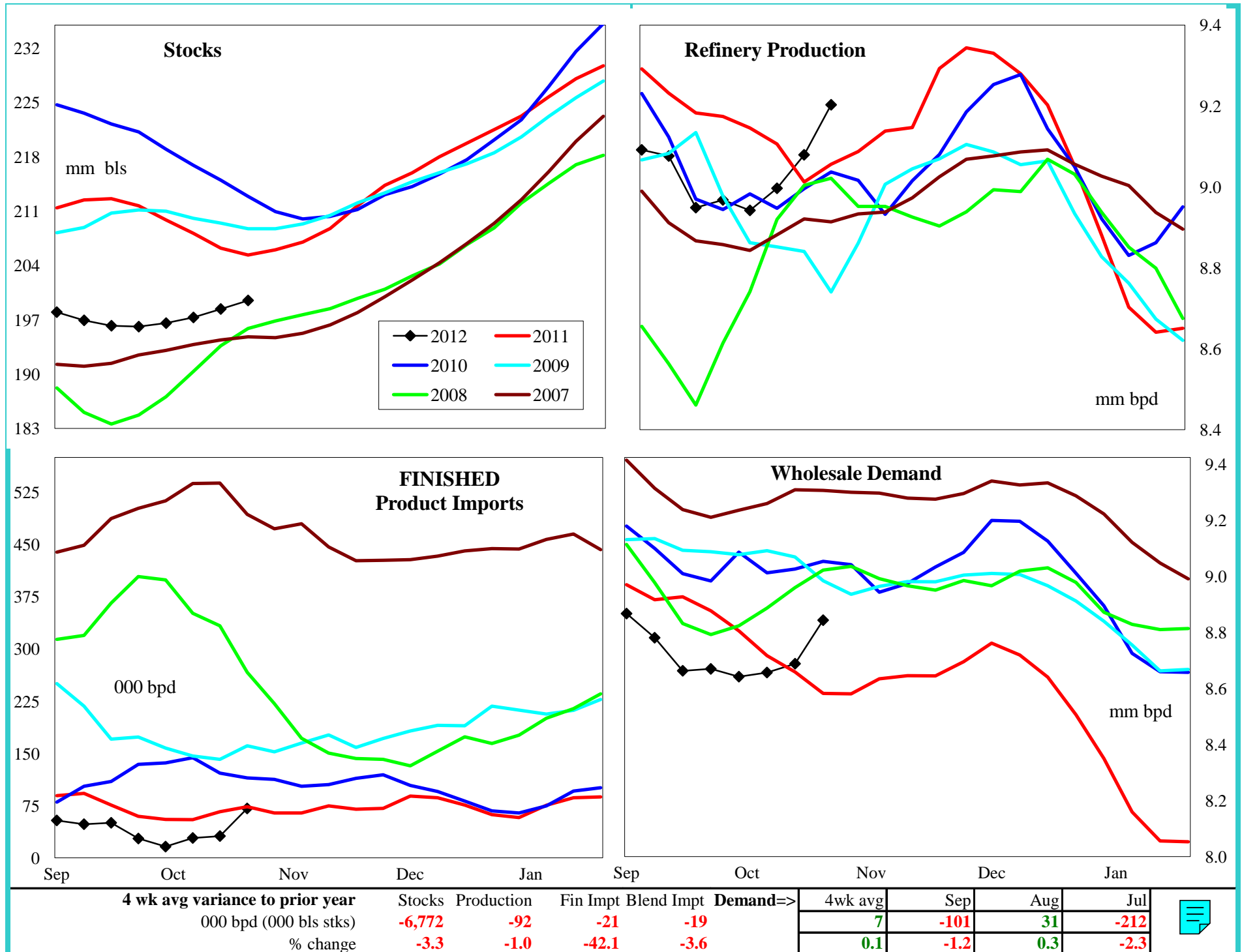
## Residual Fuel Oil Imports by PADD



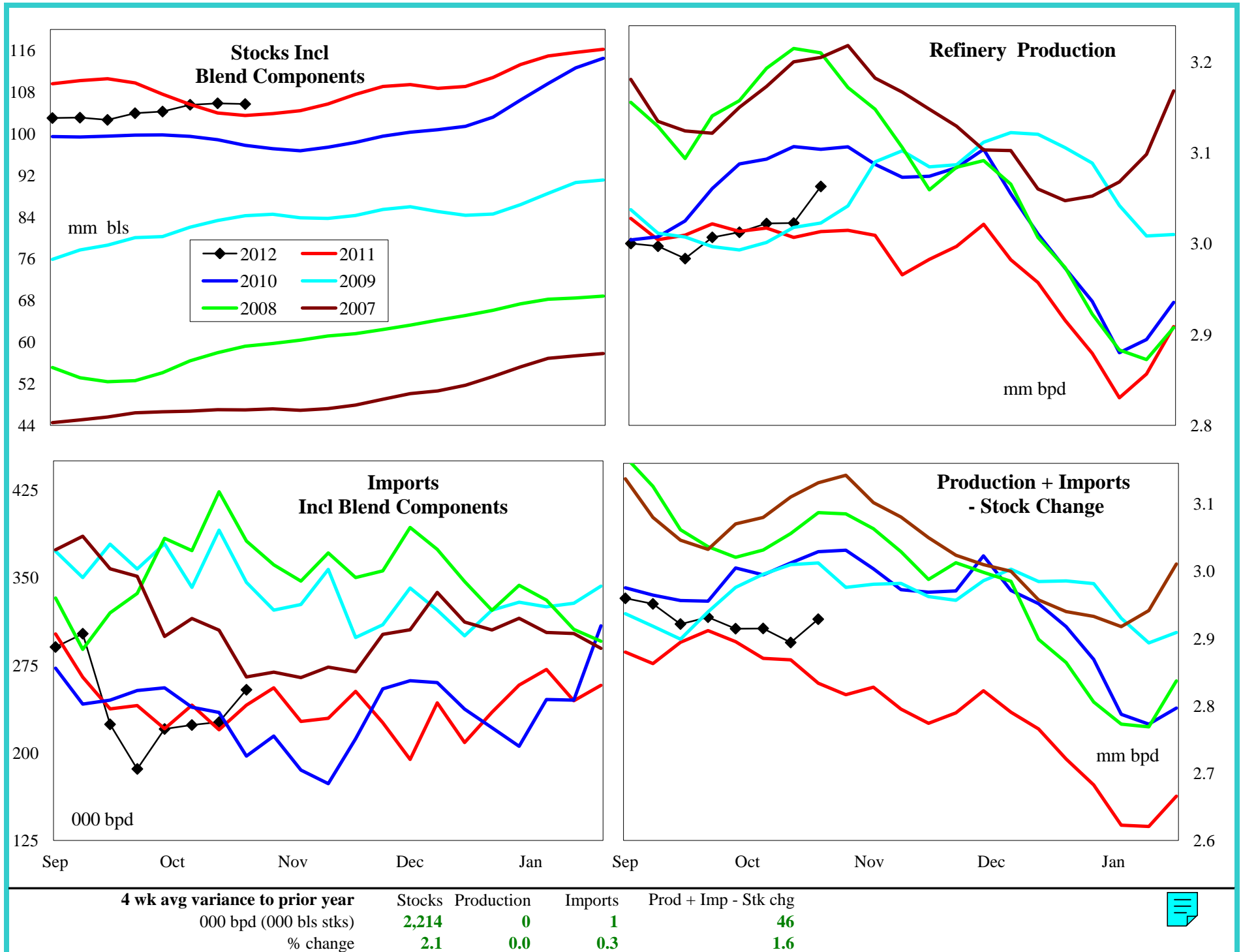
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance

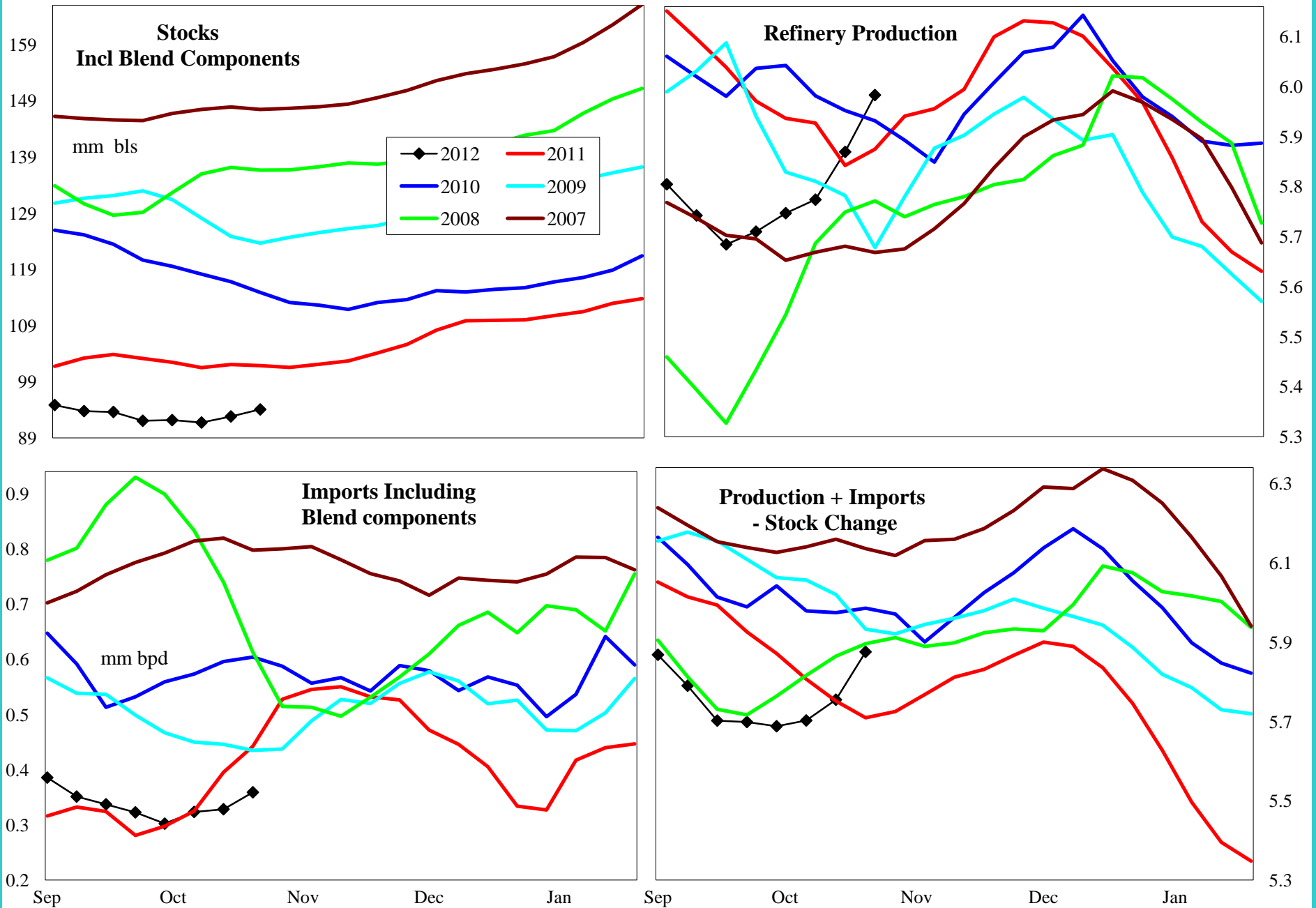


# United States Reformulated Gasoline Supply





# United States Conventional Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

**-7,783**

**-76**

**-37**

**-30**

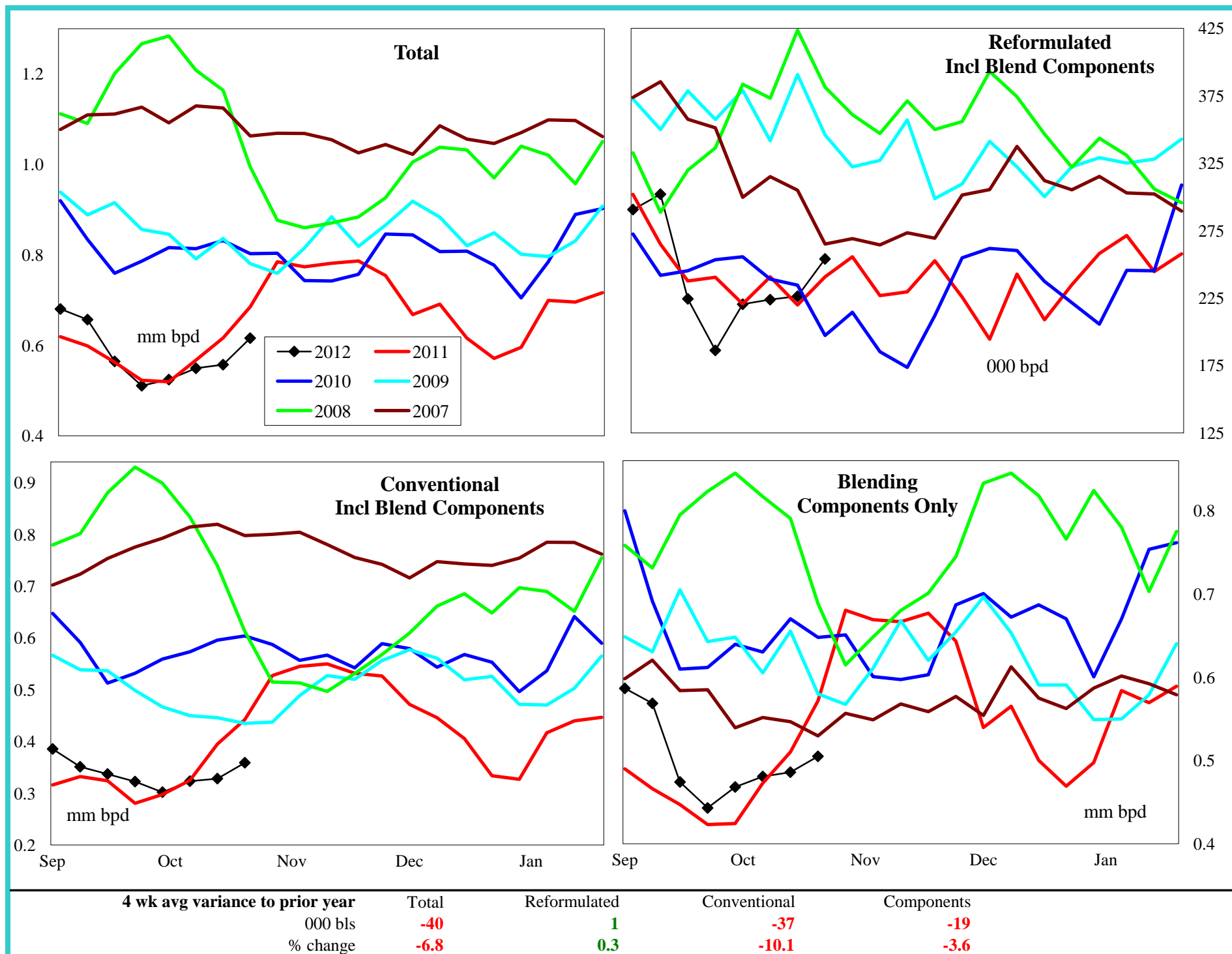
**-7.6**

**-1.3**

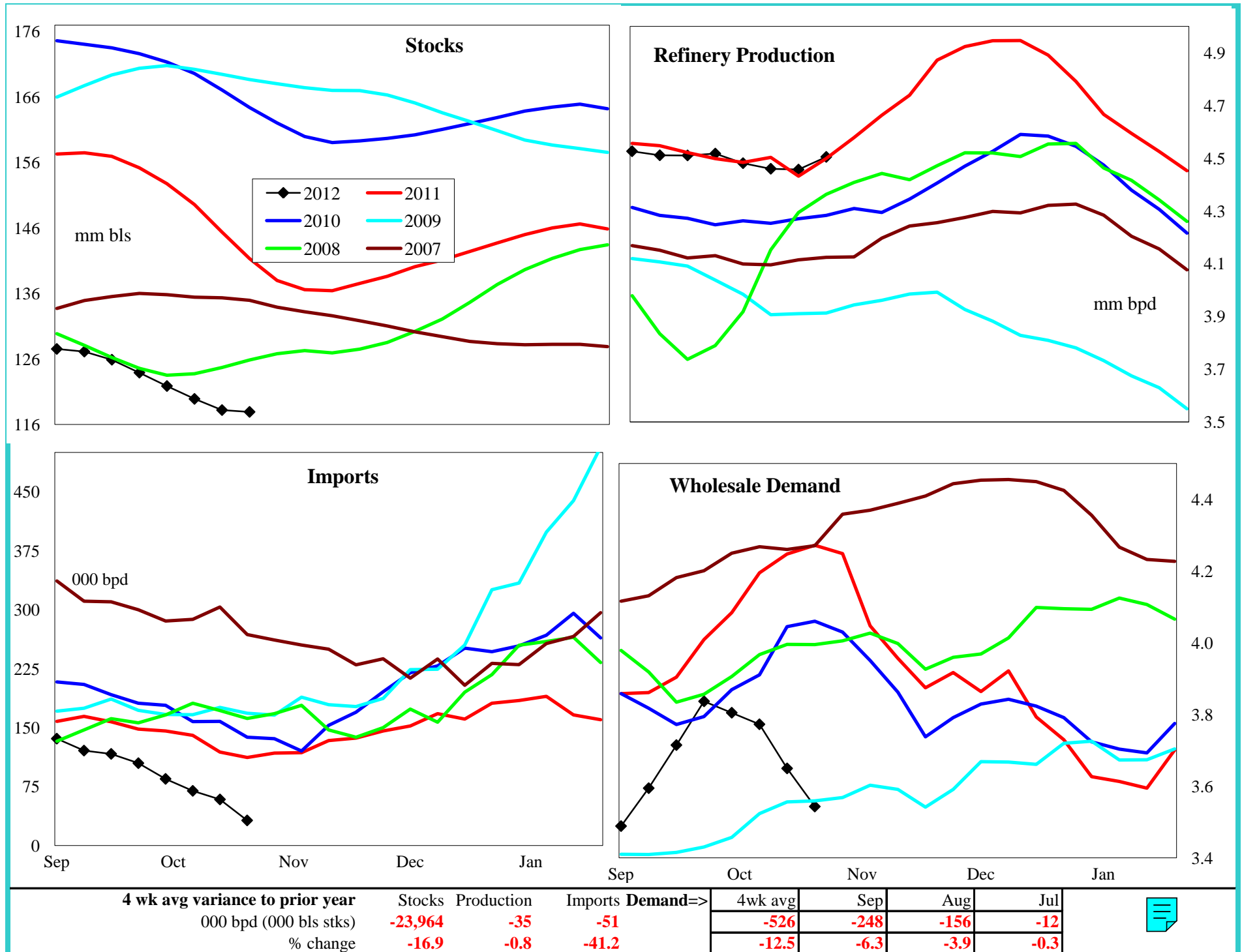
**-10.1**

**-0.5**

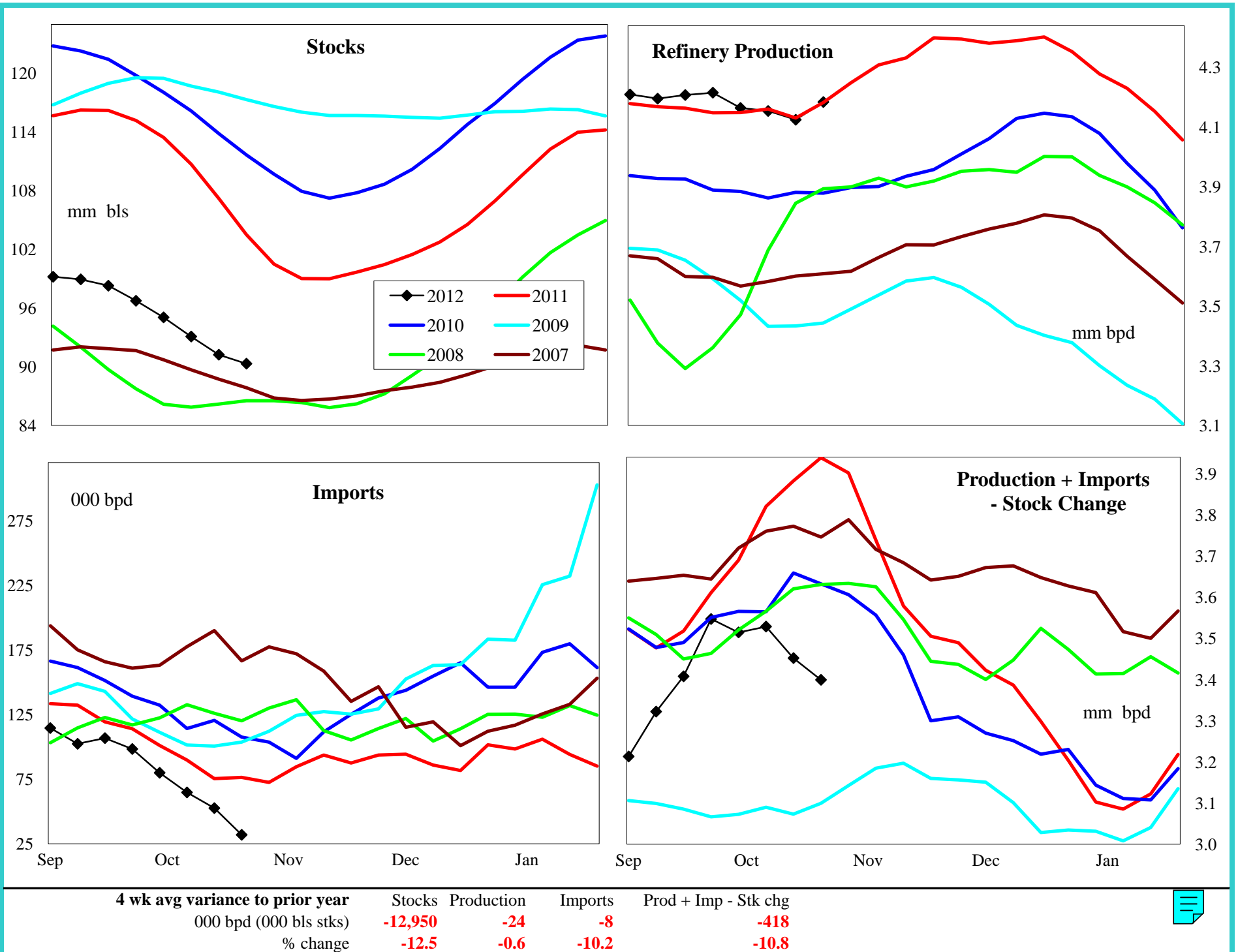
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

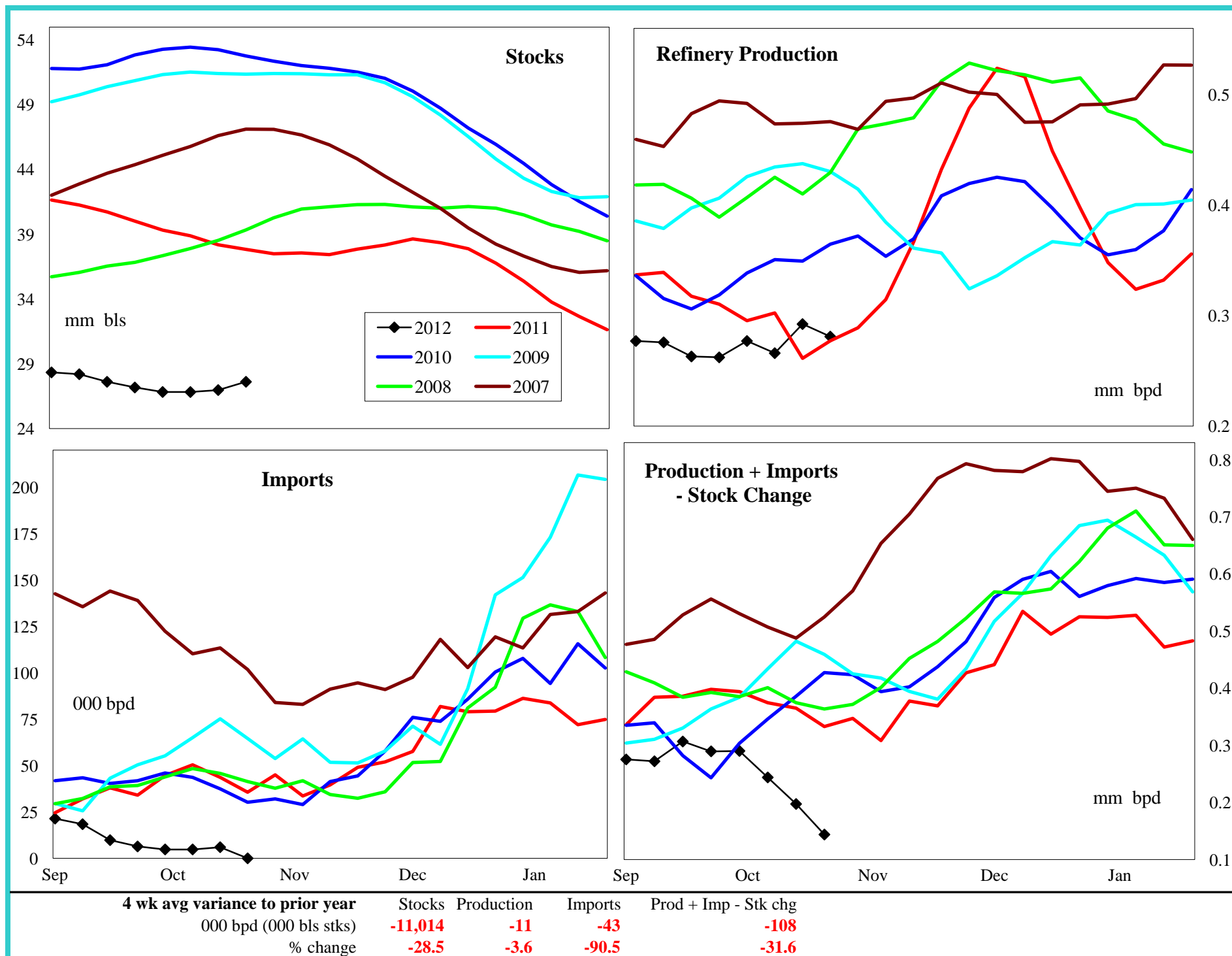


# United States Low Sulfur Distillate Supply

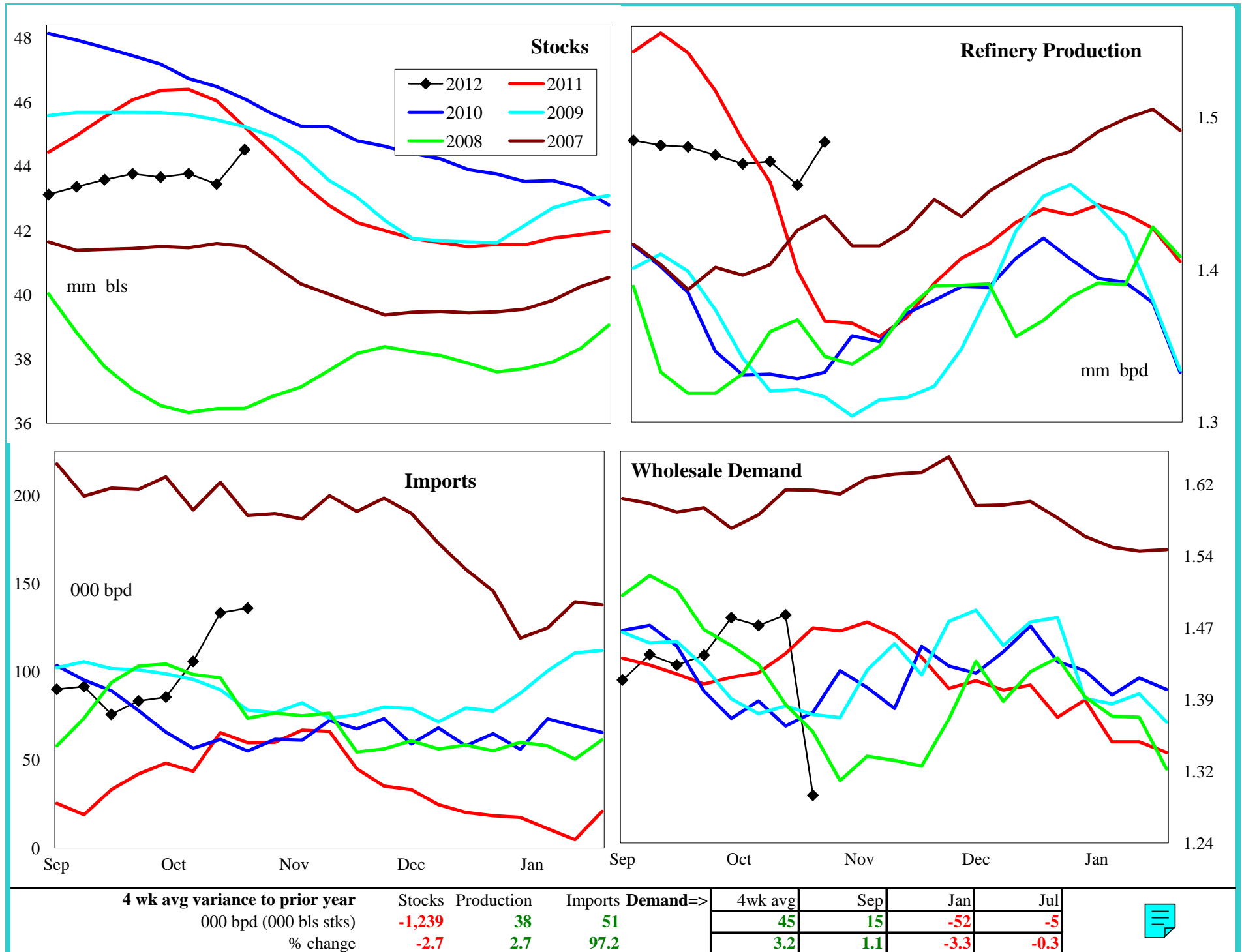




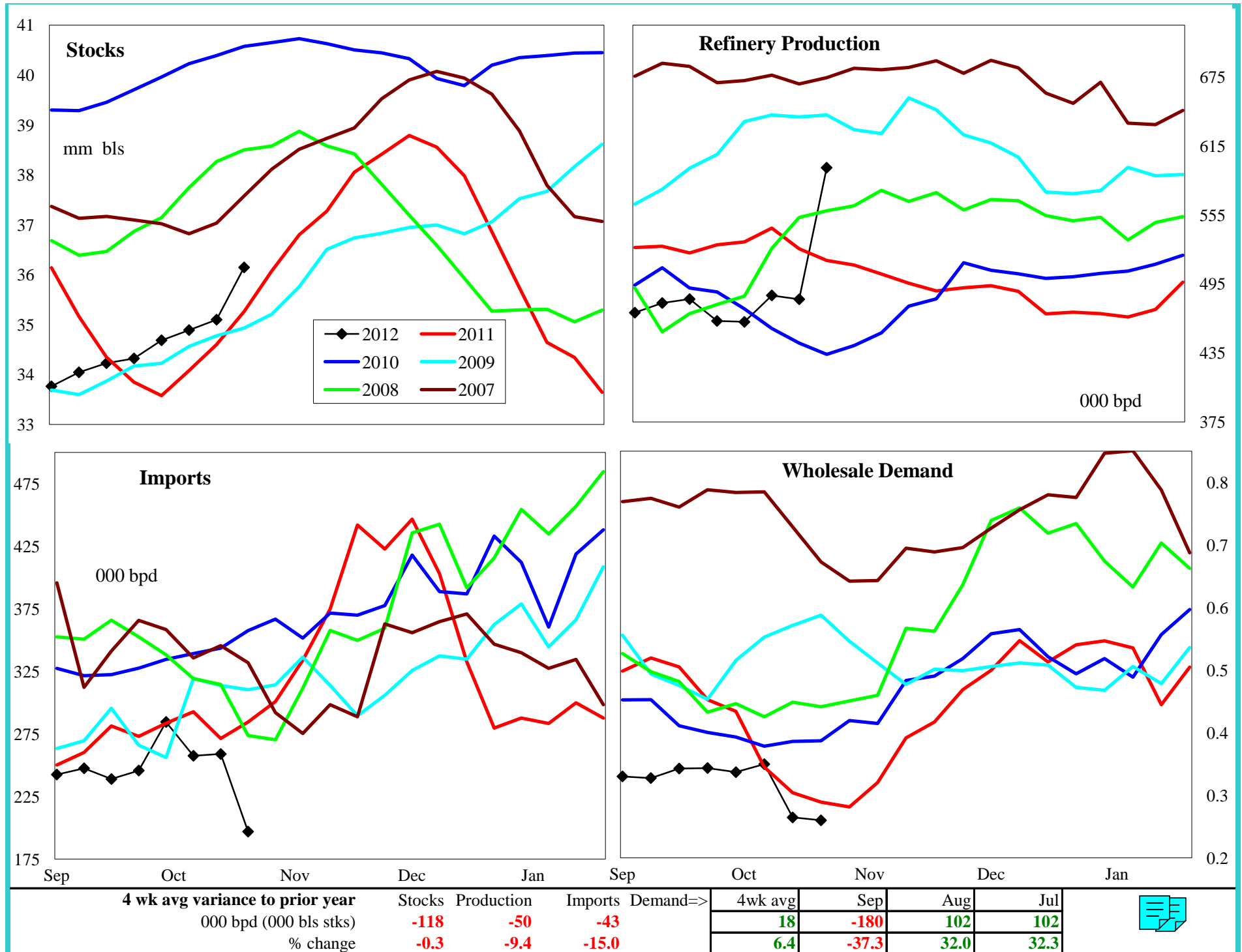
# United States High Sulfur Distillate Supply



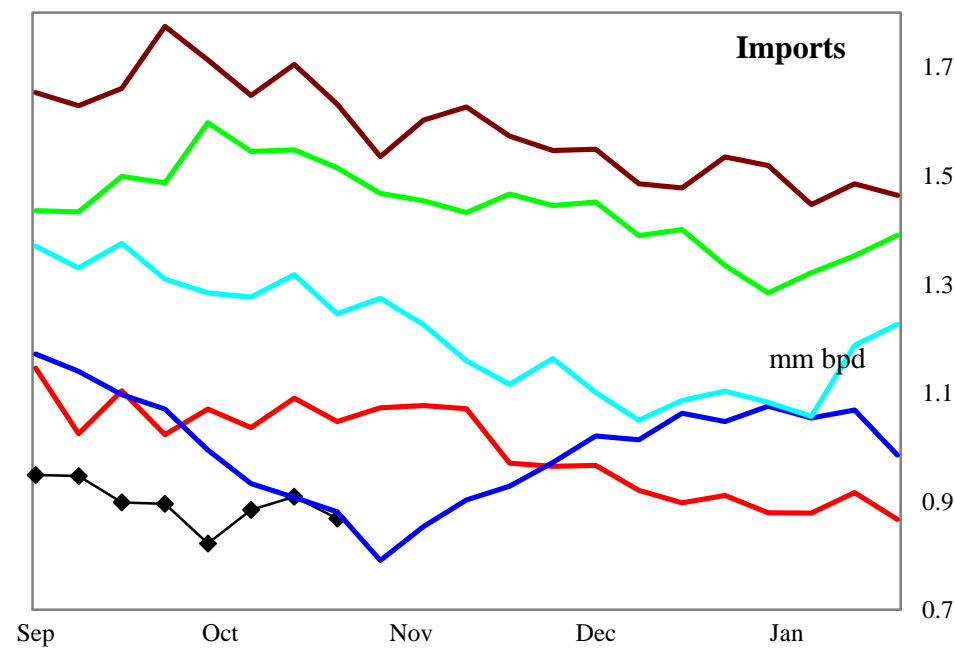
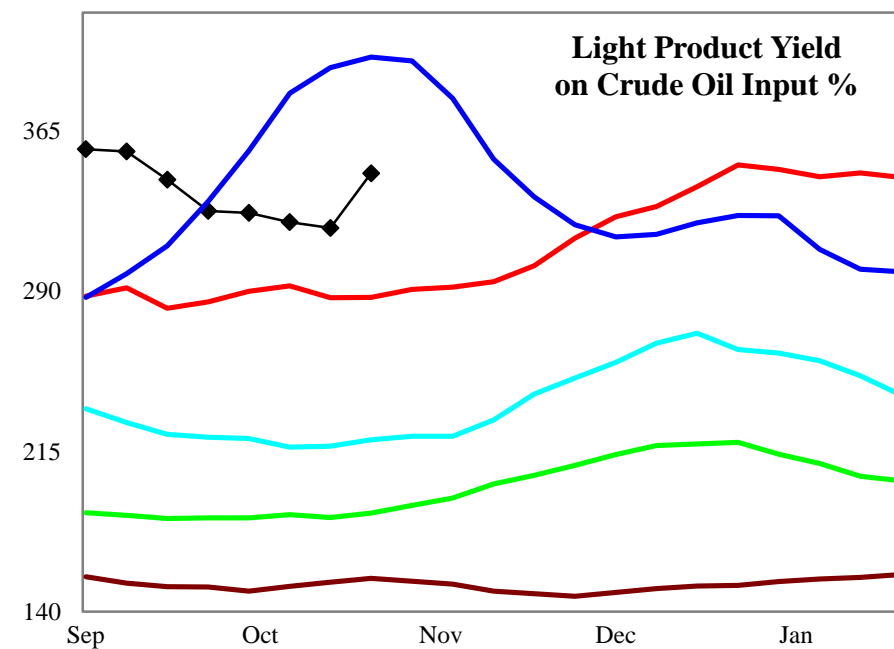
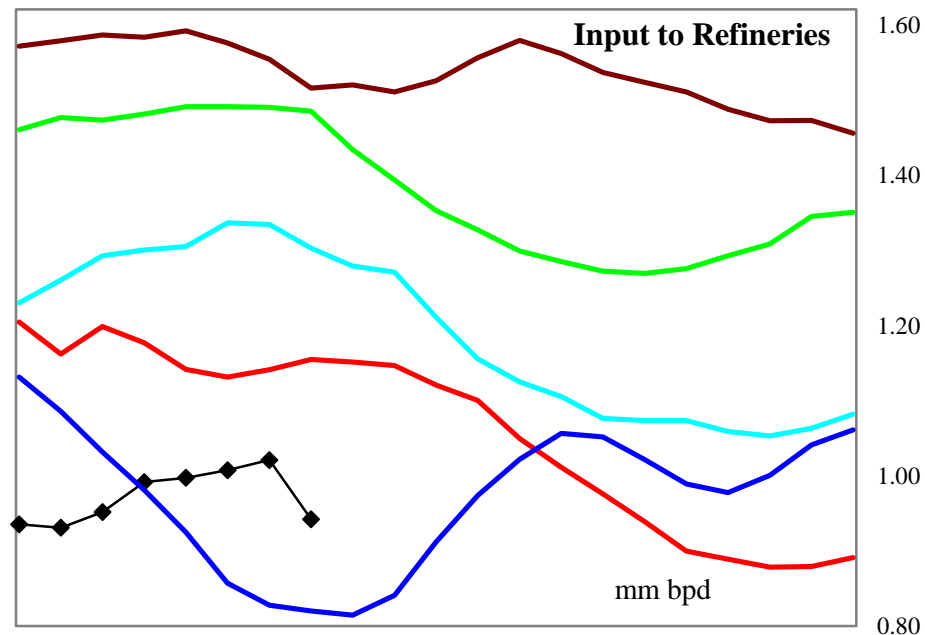
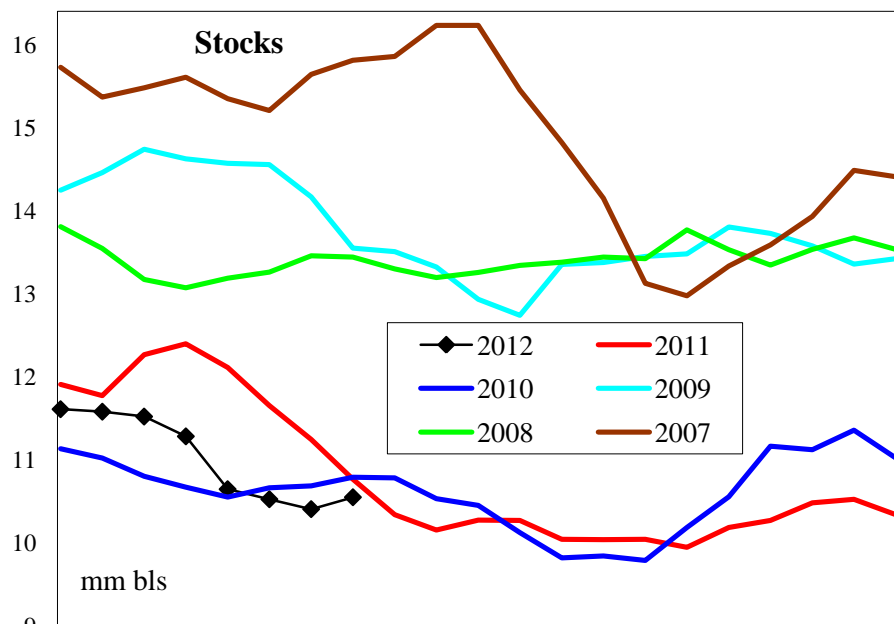
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance



# PADD 1 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-218

-2.0

Input

-88

-7.8

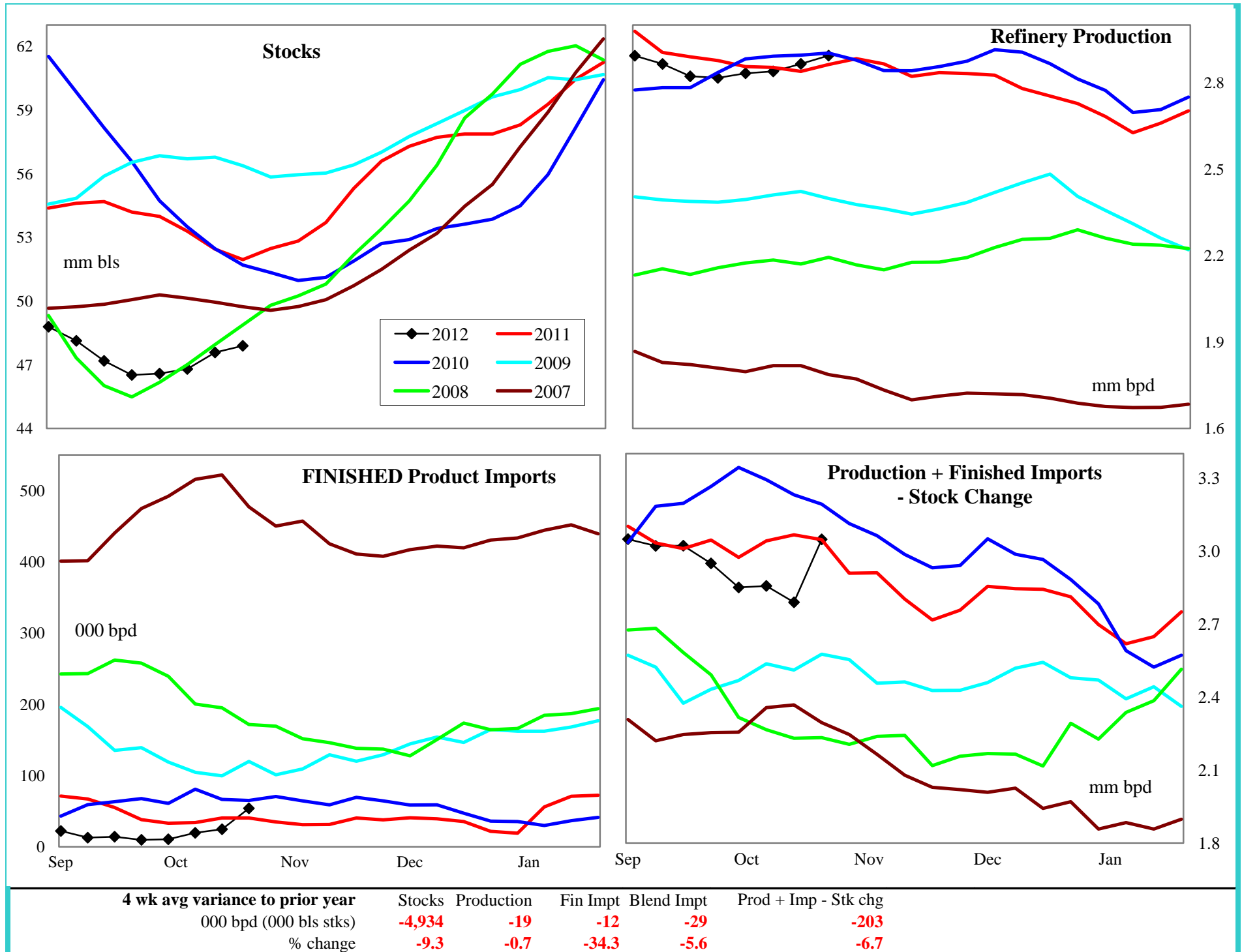
Imports

-148

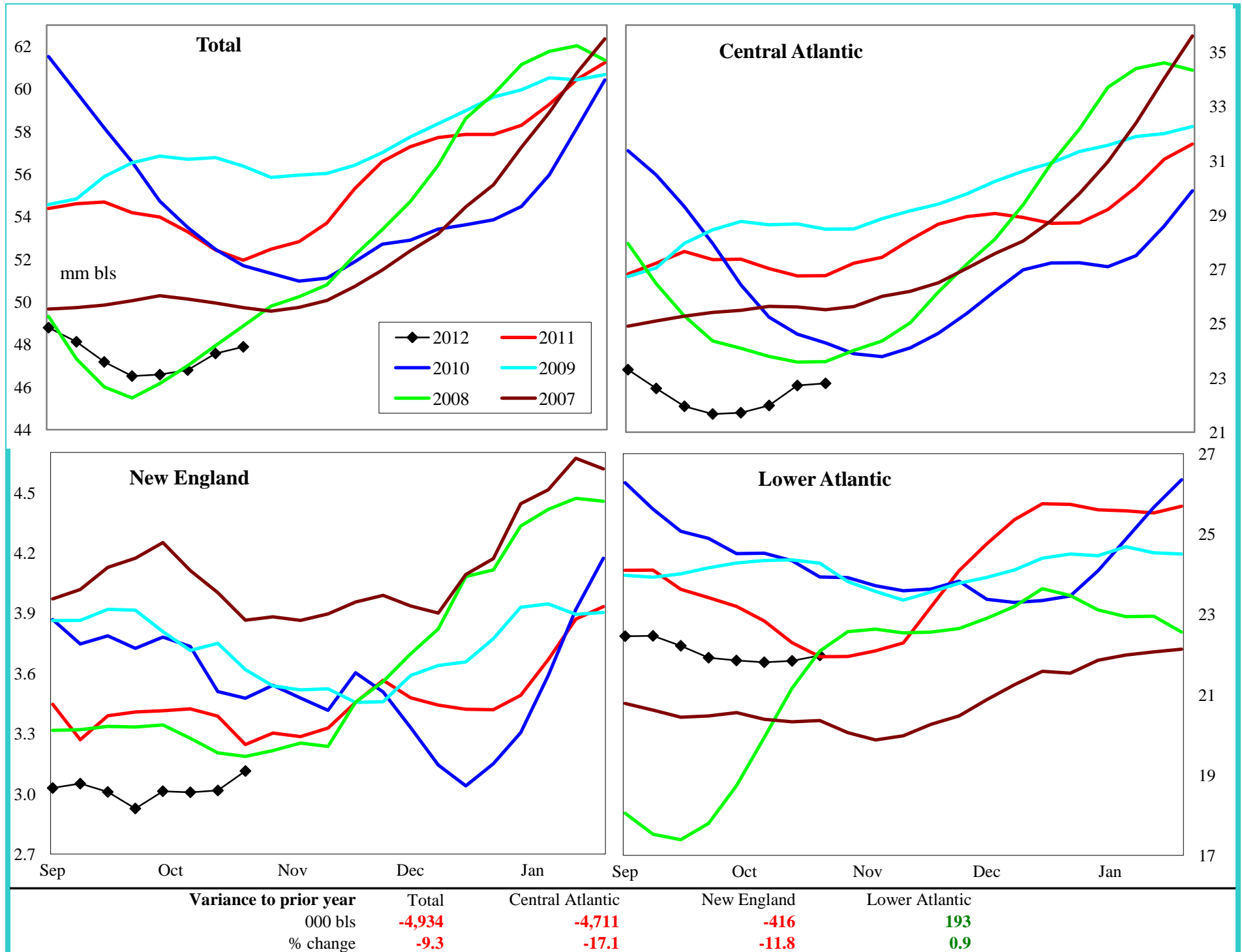
-14.1



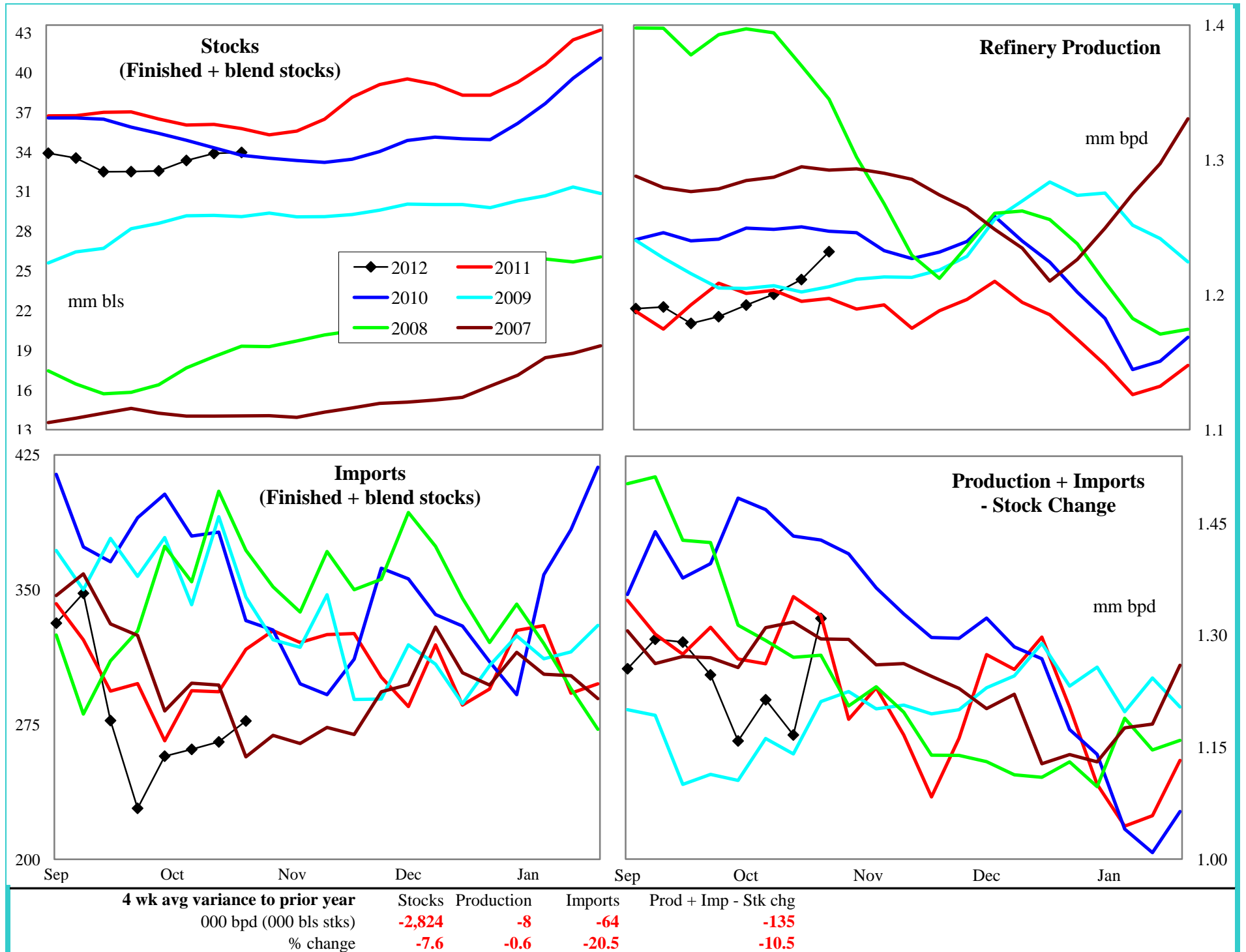
# PADD 1 Gasoline Supply



# PADD 1 Gasoline Stocks by Region

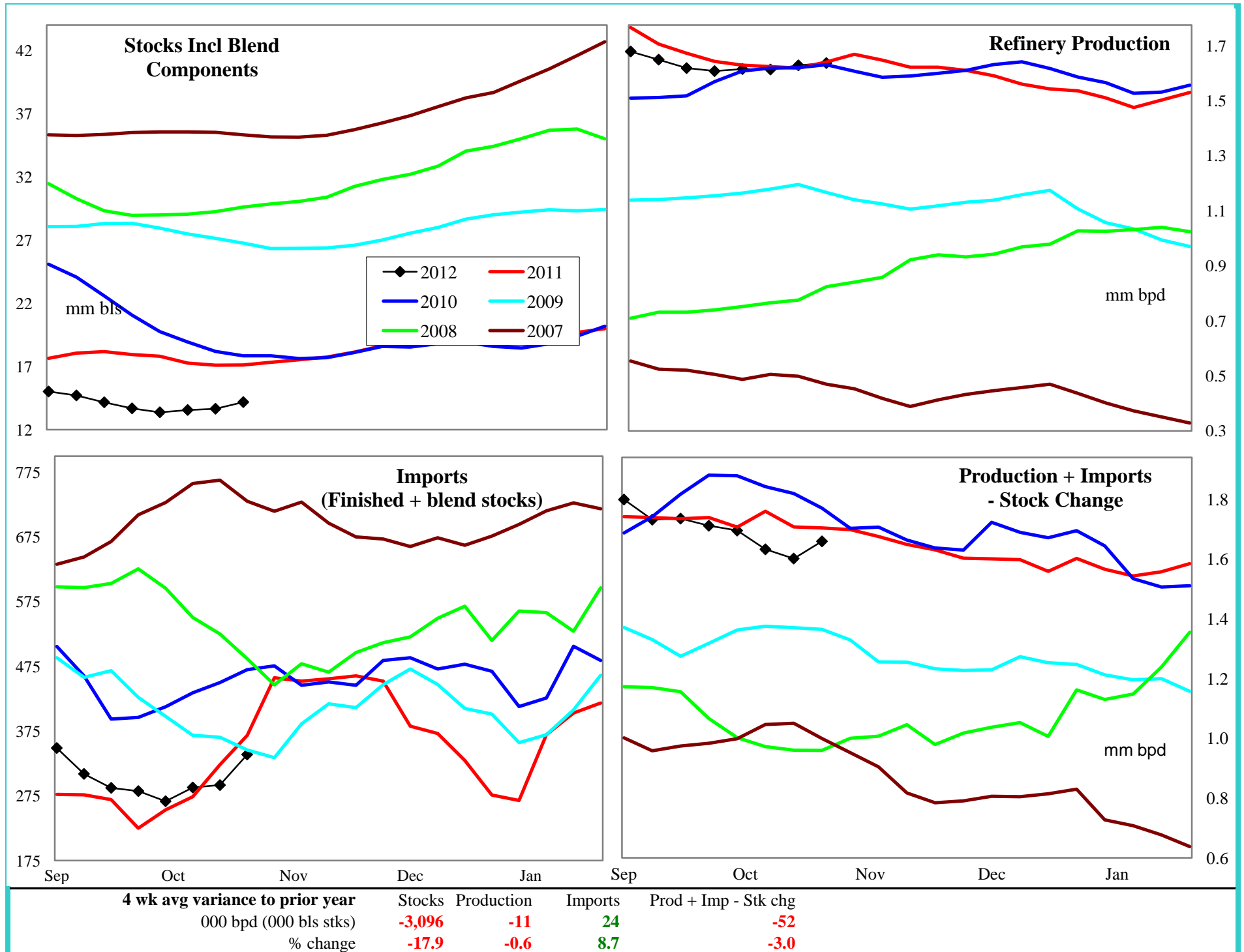


# PADD 1 Reformulated Gasoline Supply

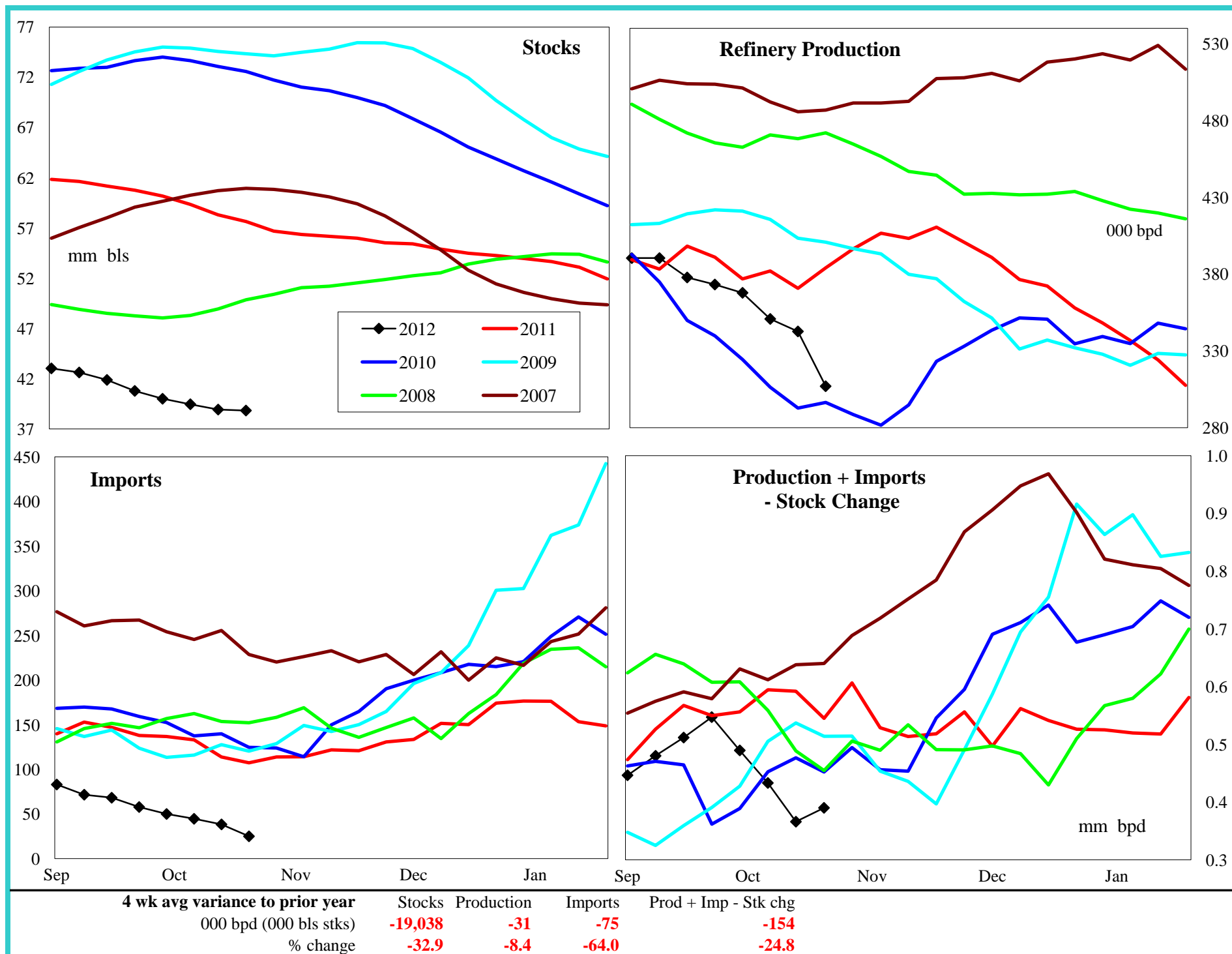




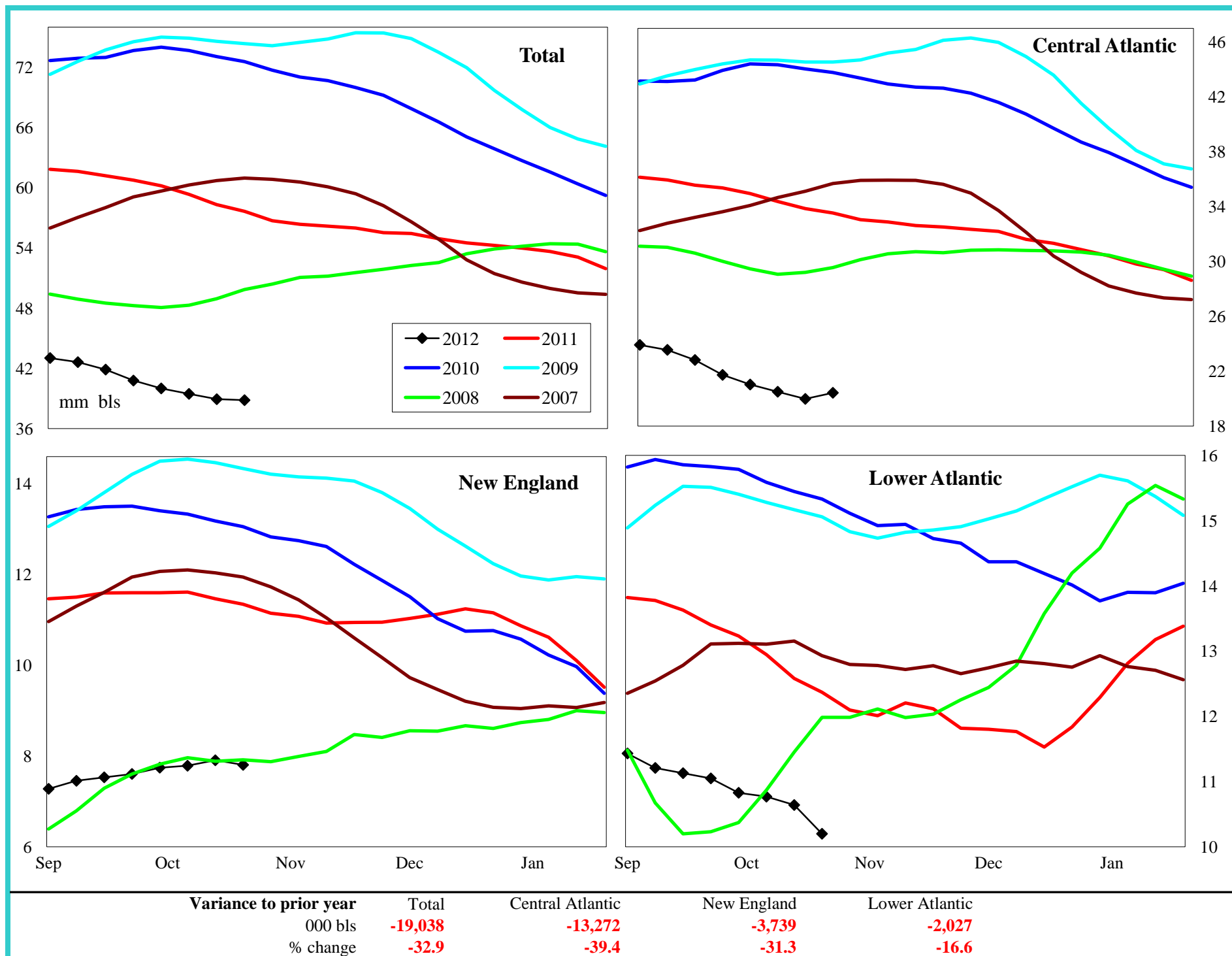
# PADD 1 Conventional Gasoline Supply



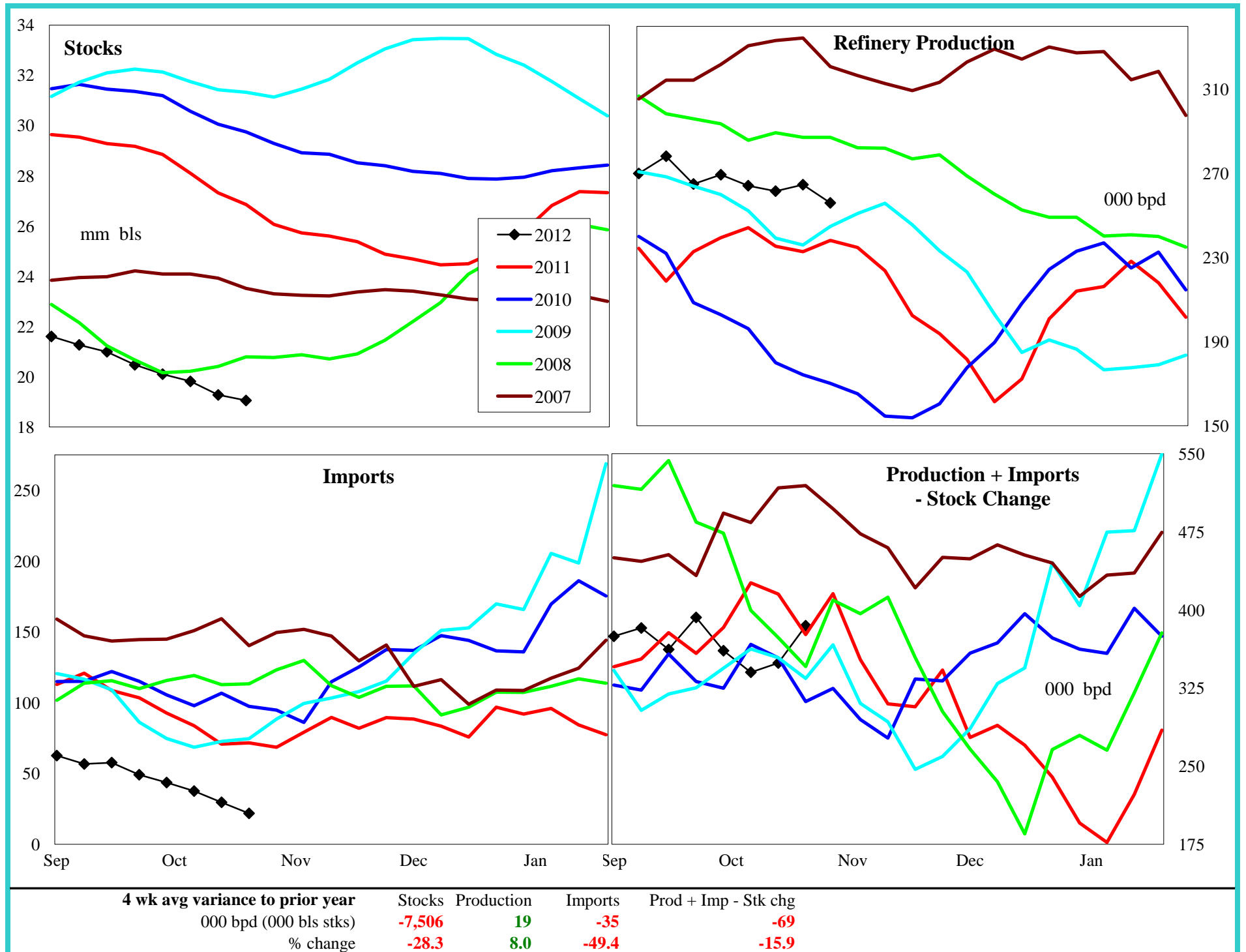
# PADD 1 Distillate Supply



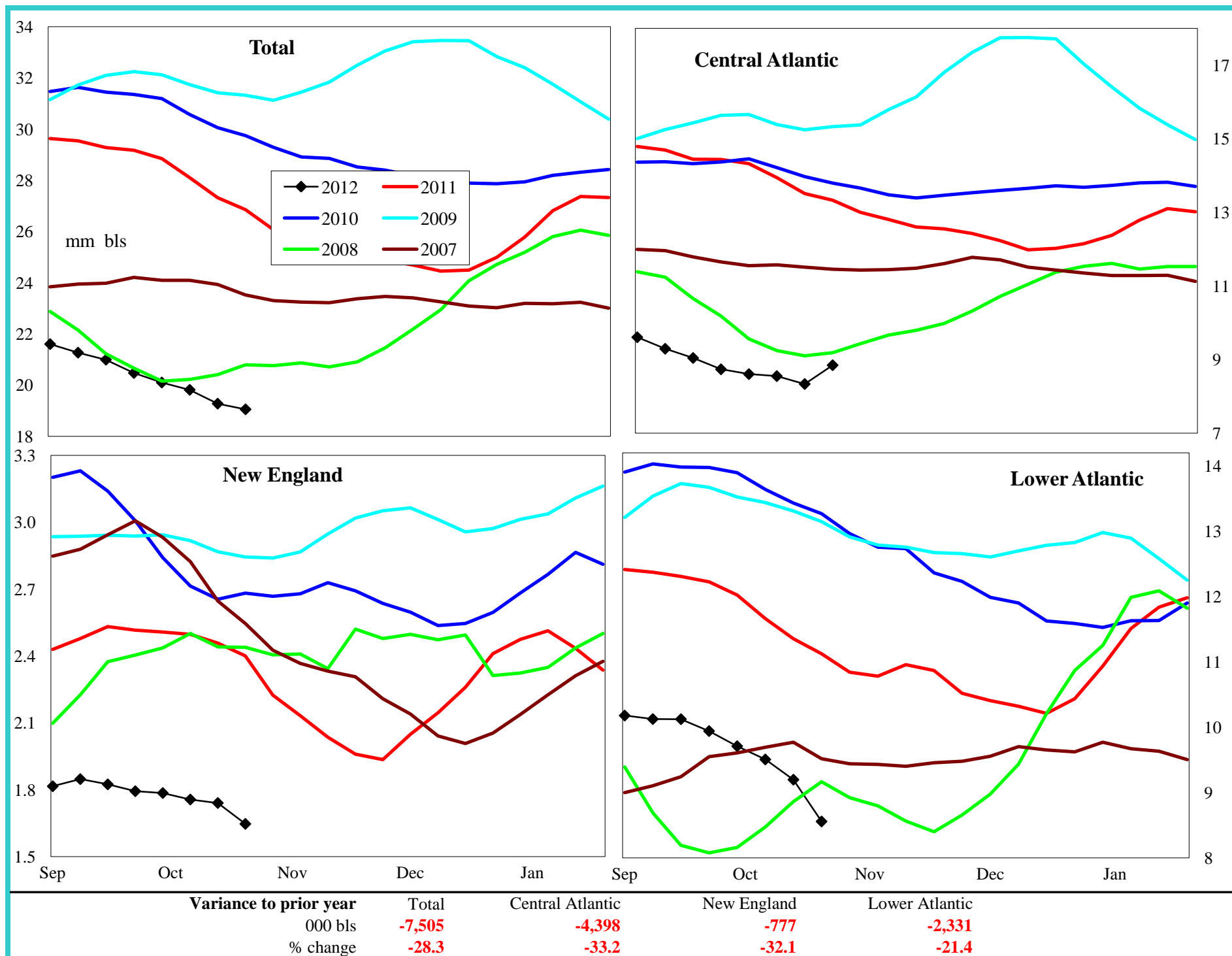
# PADD 1 Distillate Stocks by Region



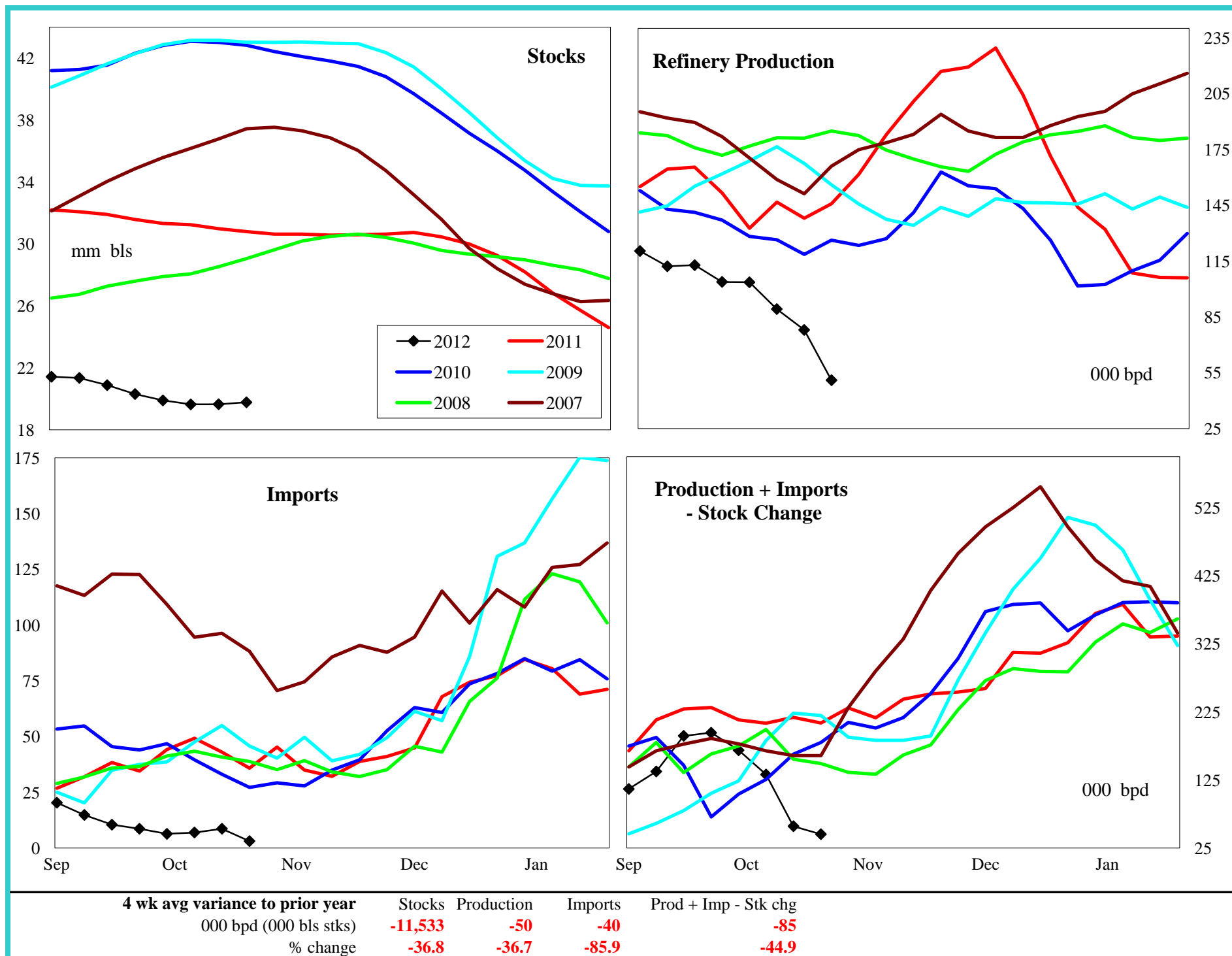
# PADD 1 Low Sulfur Distillate Supply



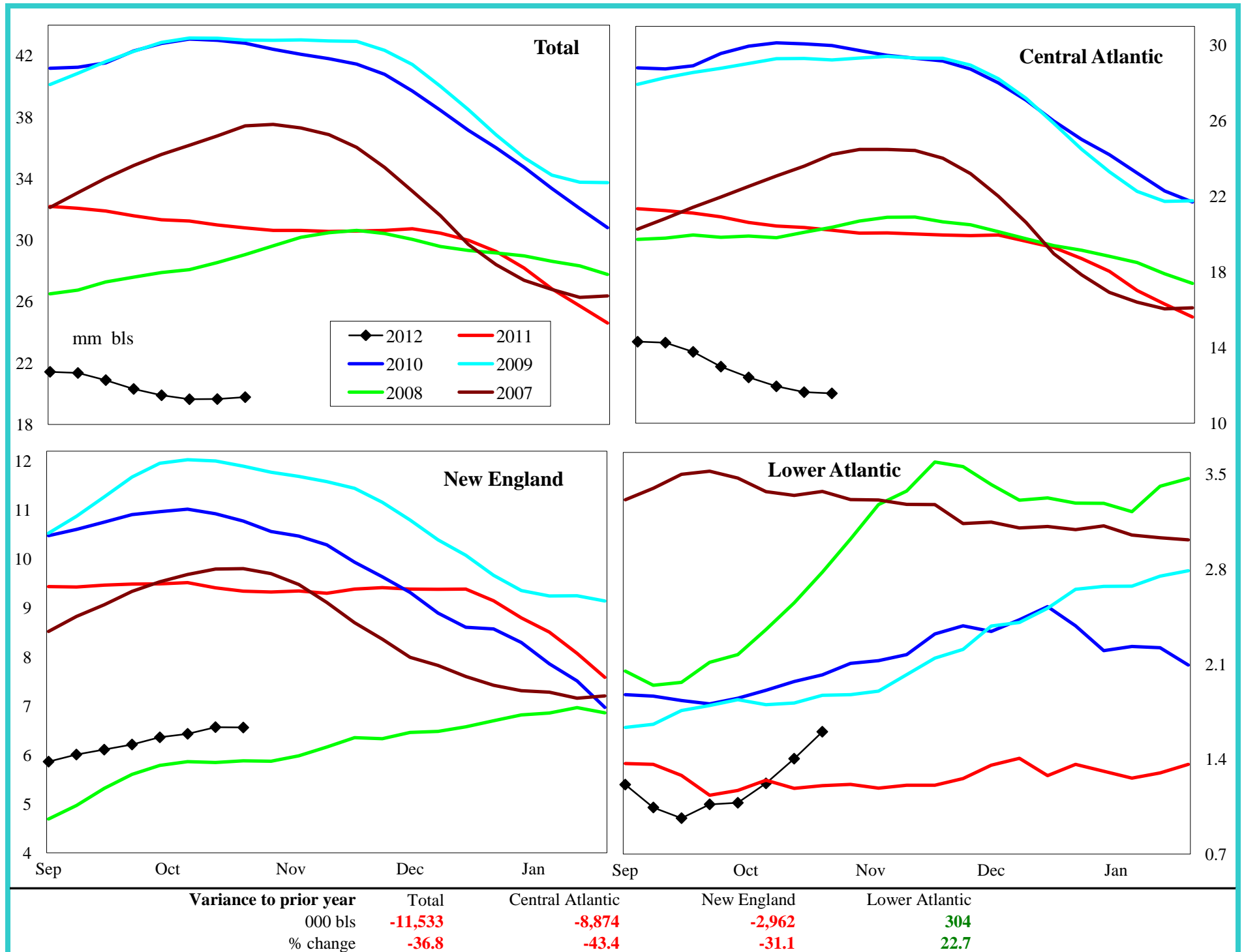
# PADD 1 Low Sulfur Distillate Stocks by Region



# PADD 1 High Sulfur Distillate Supply

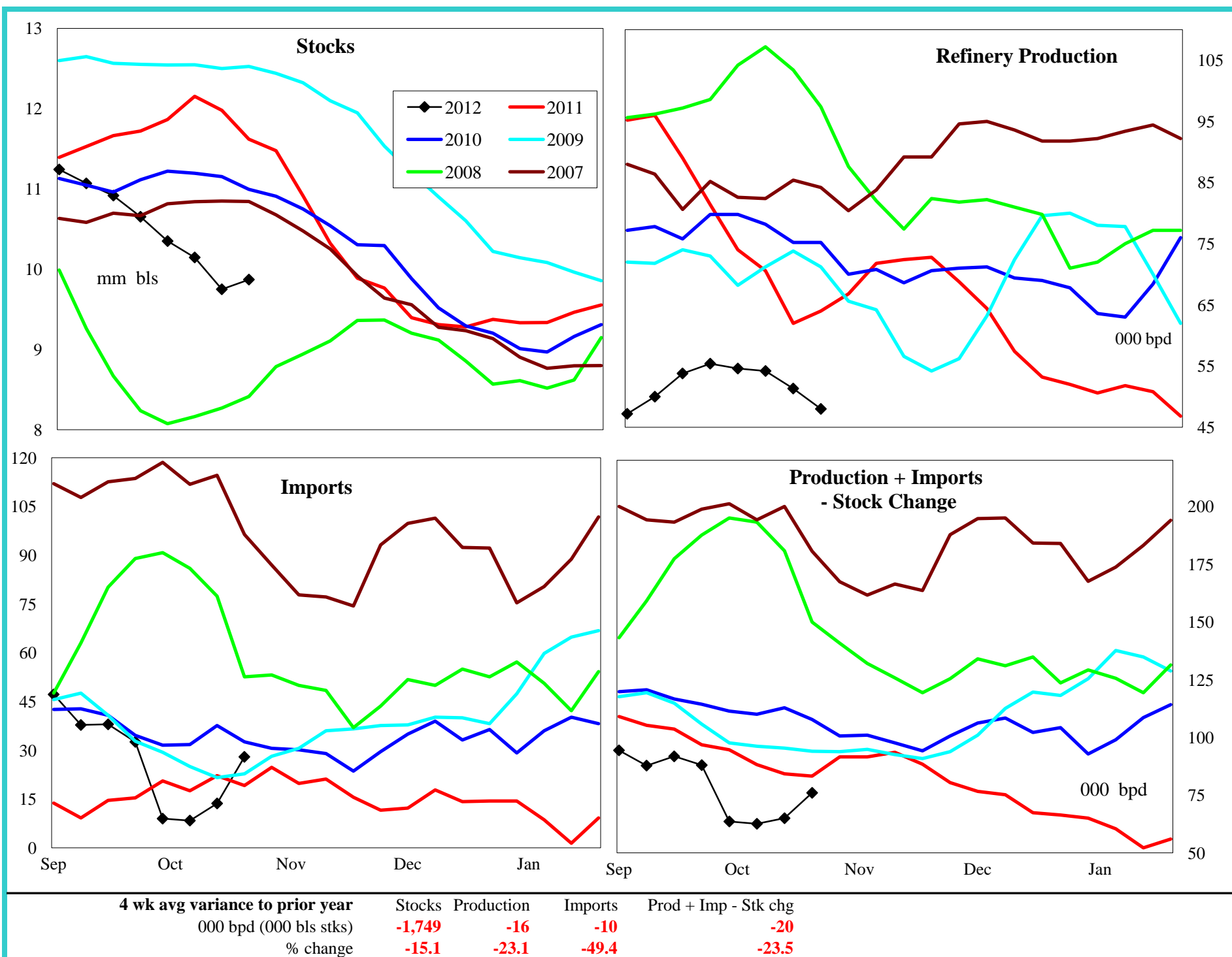


# PADD 1 High Sulfur Distillate Stocks by Region

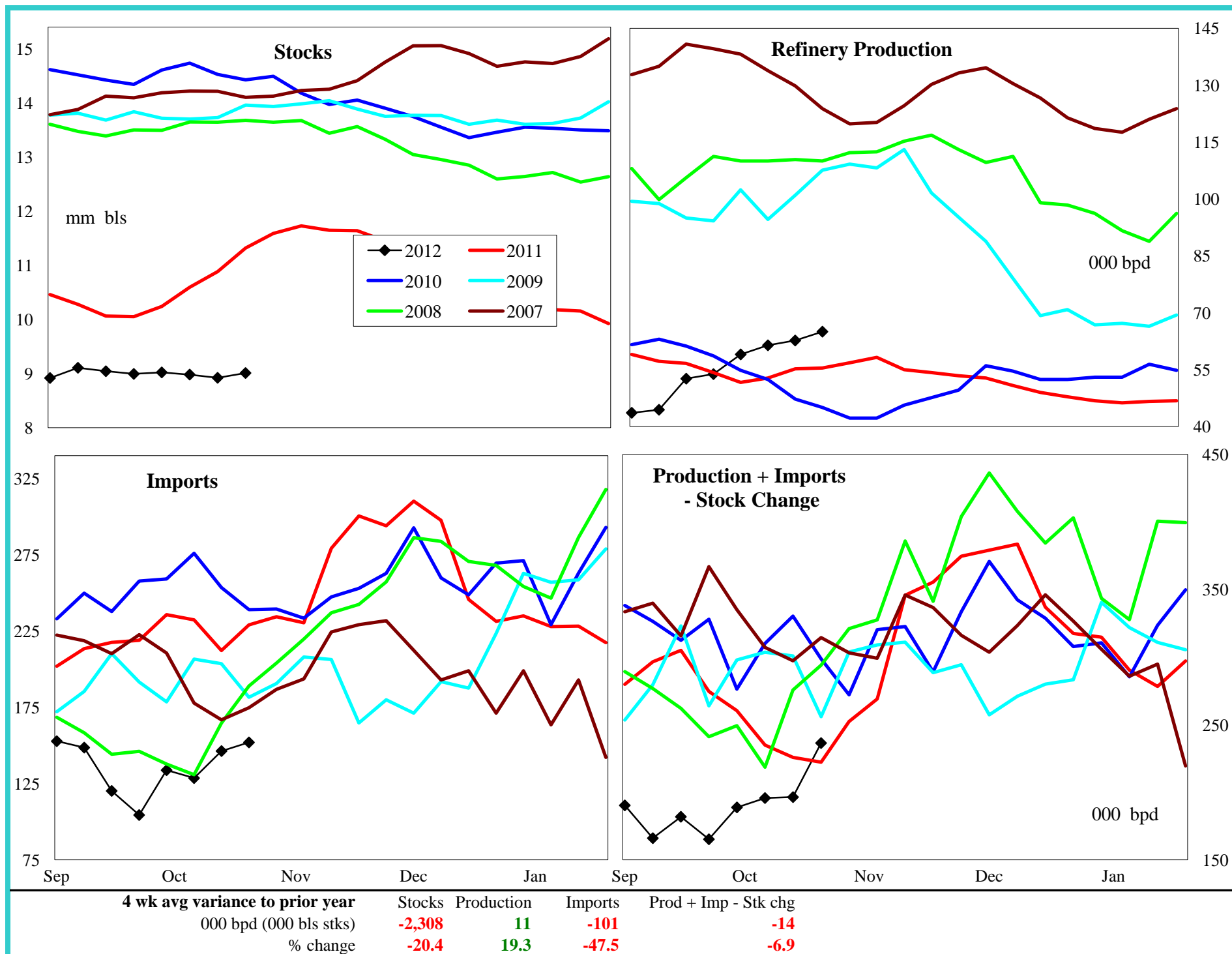




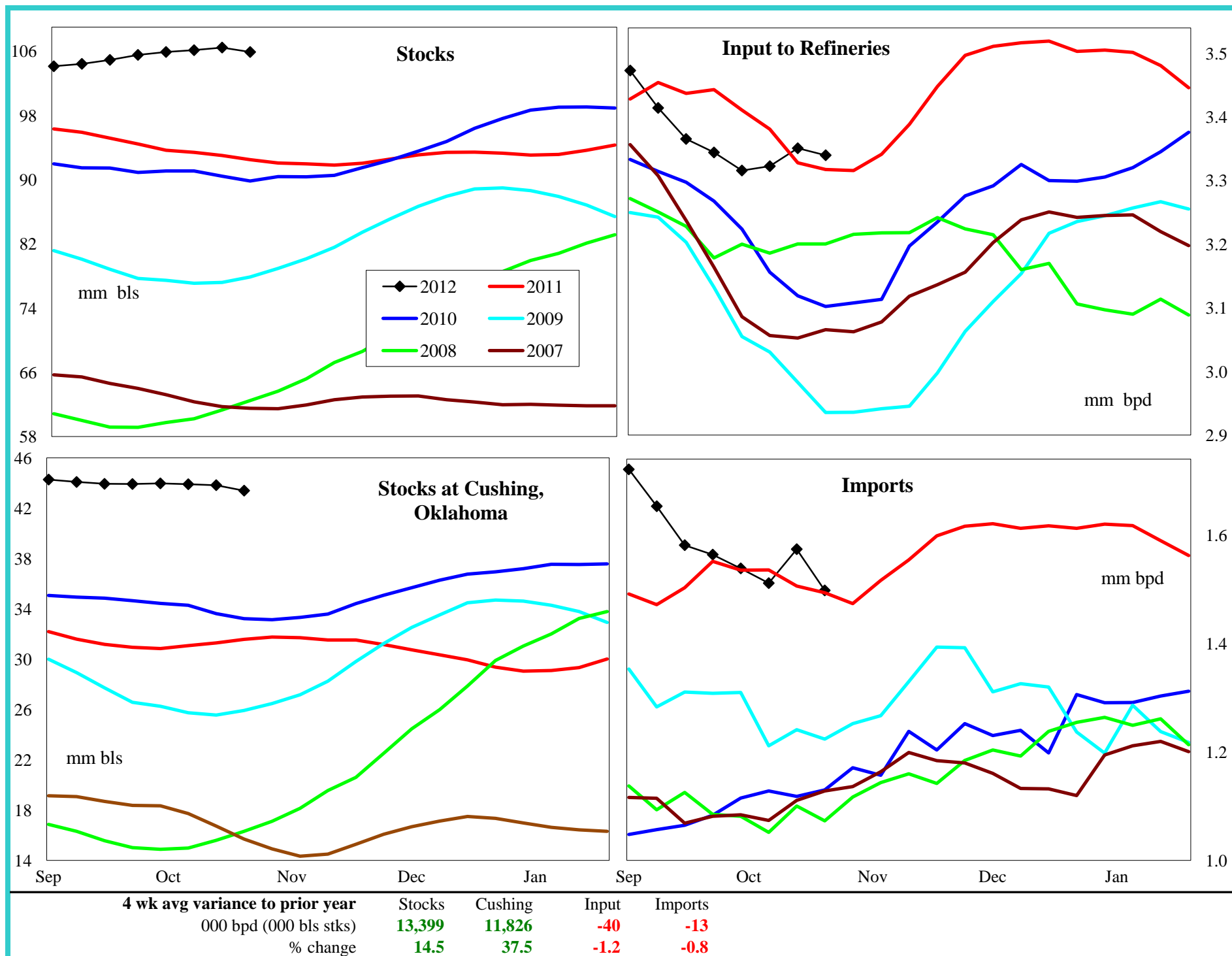
# PADD 1 Jet Fuel Supply



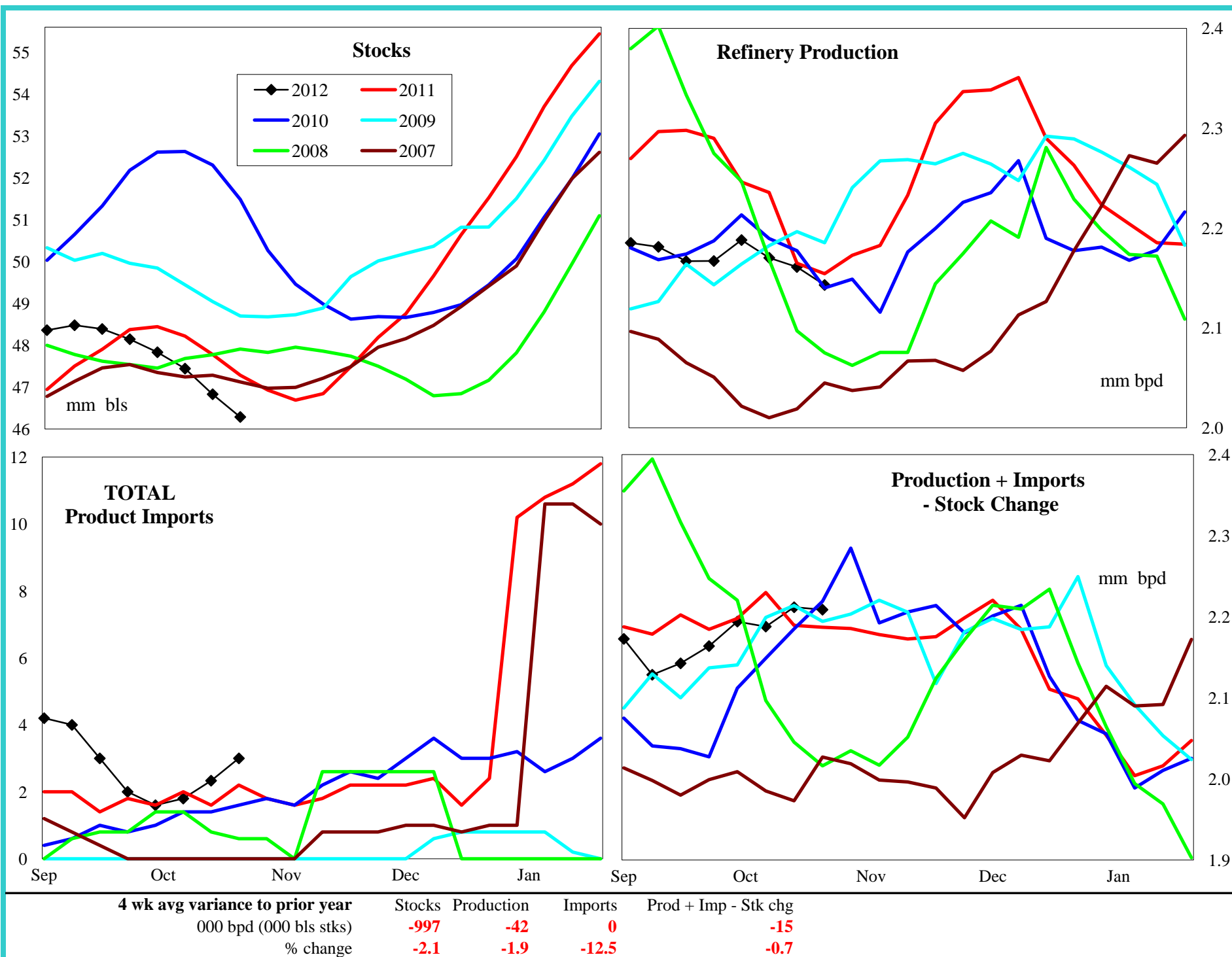
# PADD 1 Residual Fuel Oil Supply



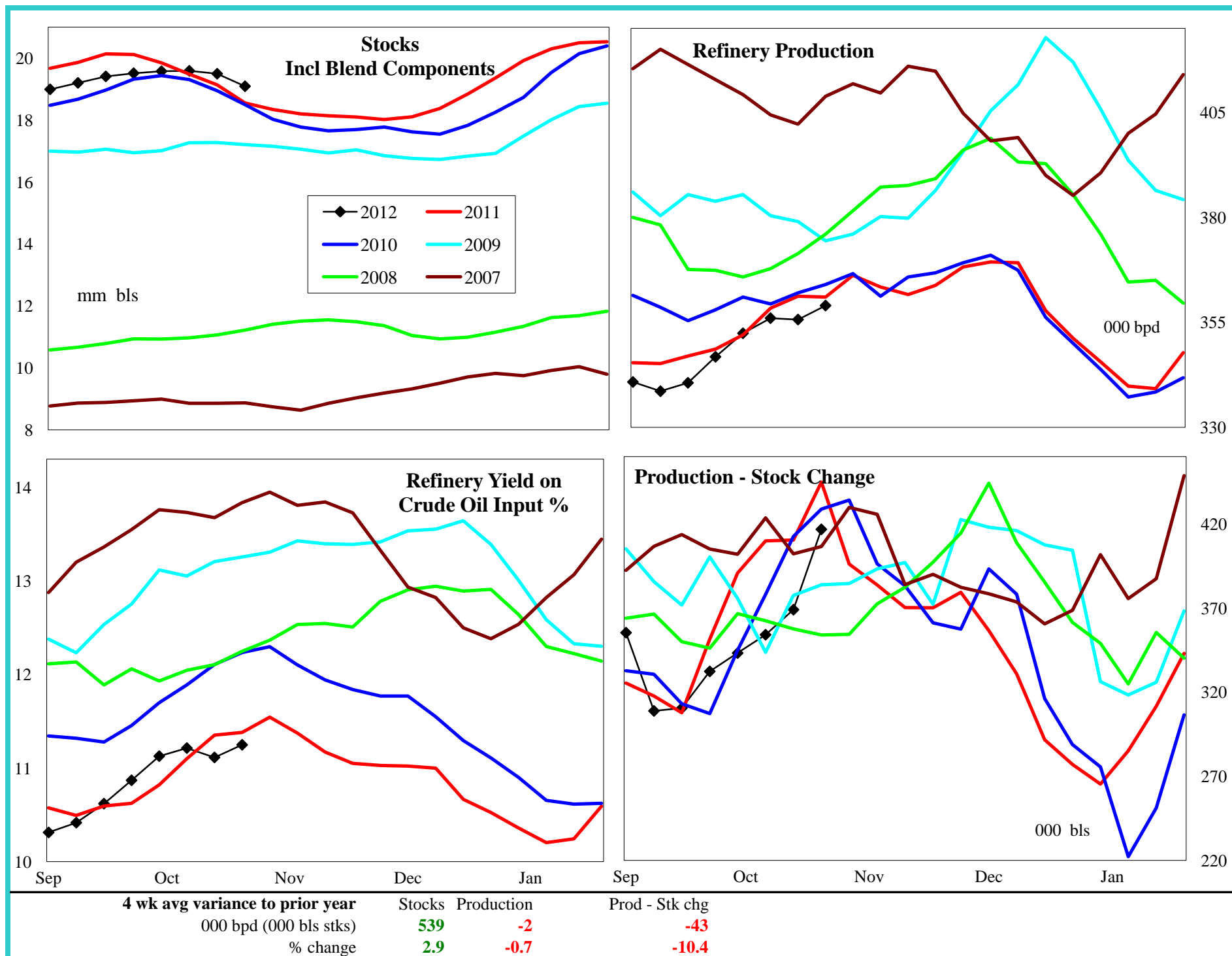
# PADD 2 Crude Oil Supply and Refining



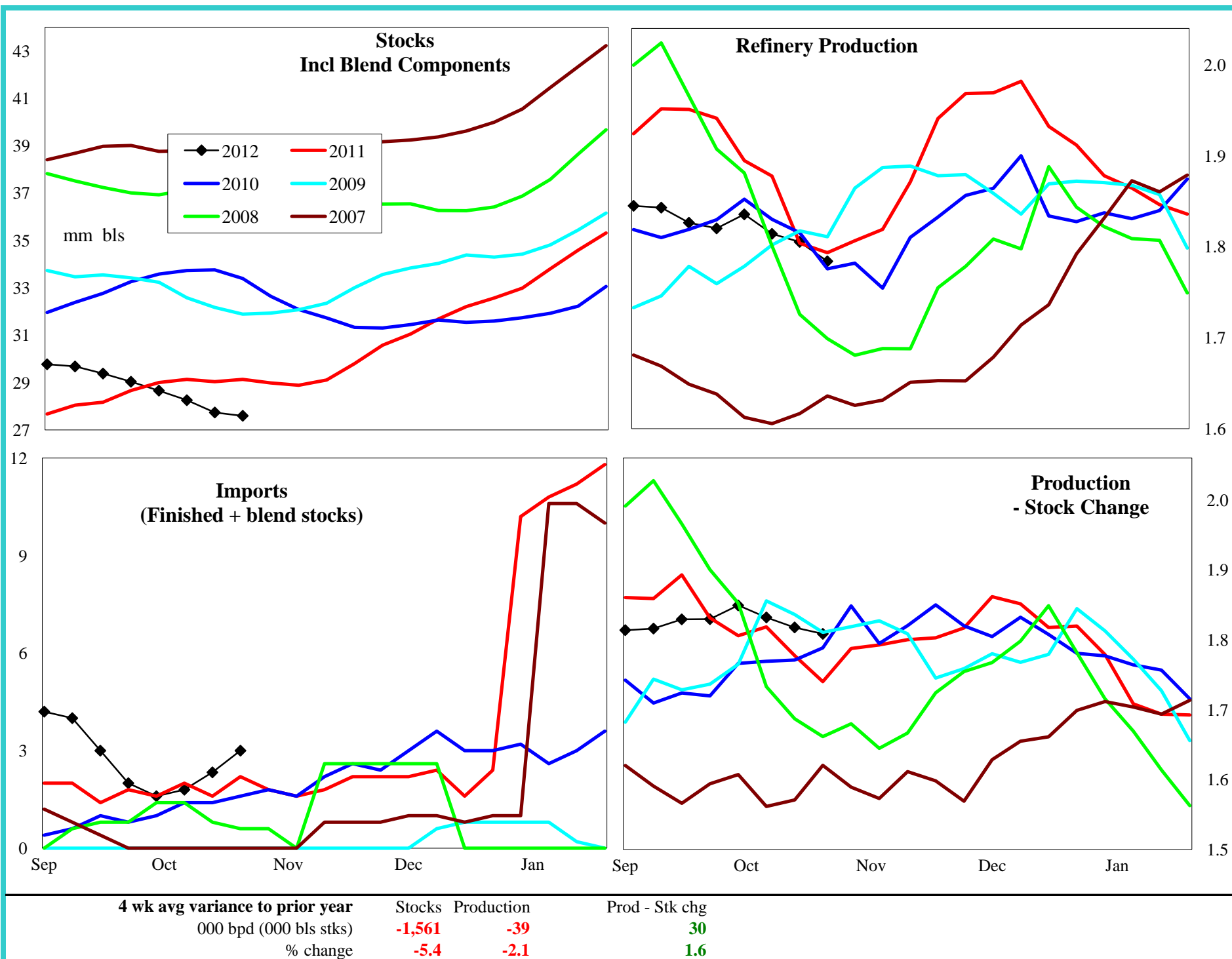
# PADD 2 Gasoline Supply



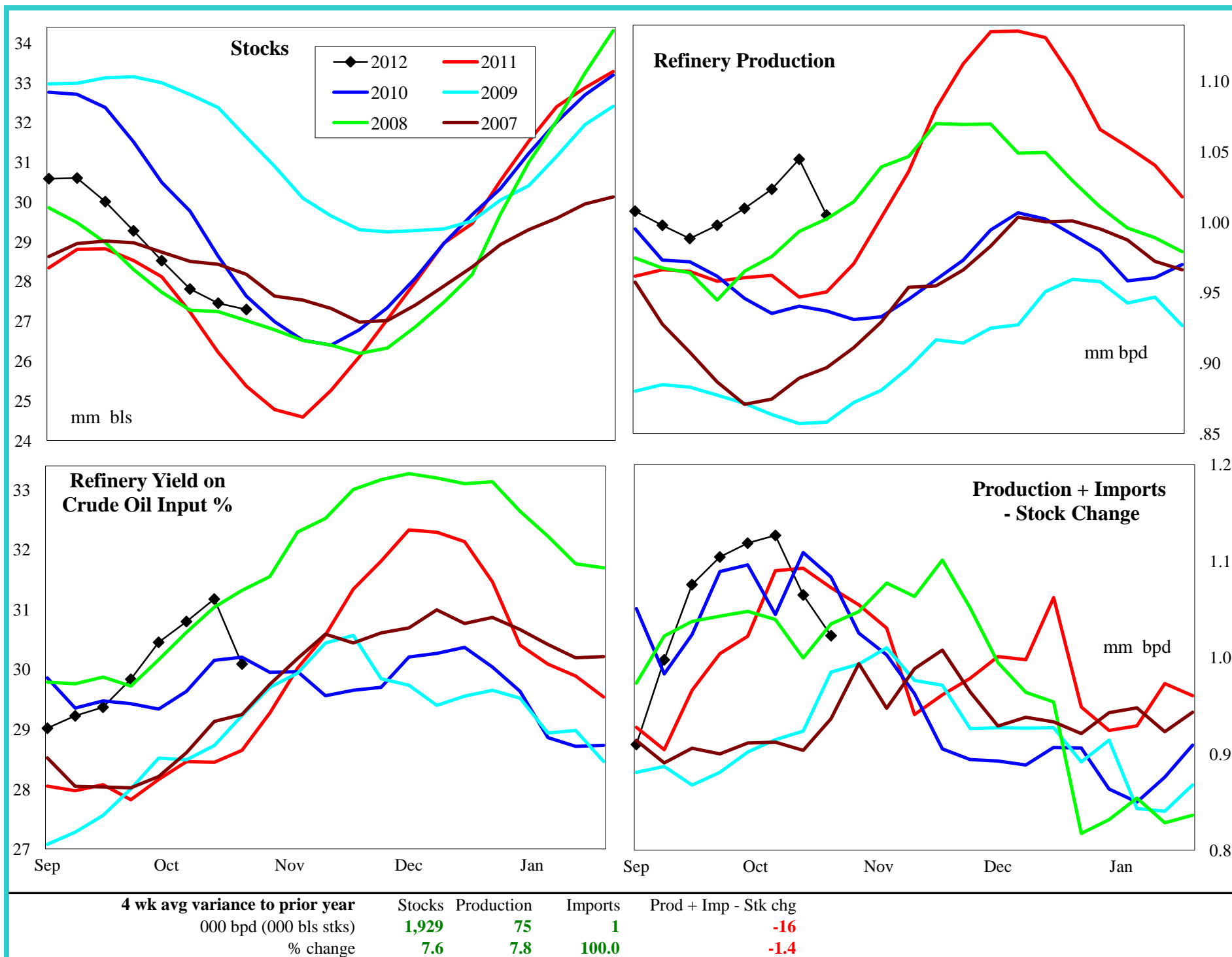
# PADD 2 Reformulated Gasoline Supply



# PADD 2 Conventional Gasoline Supply

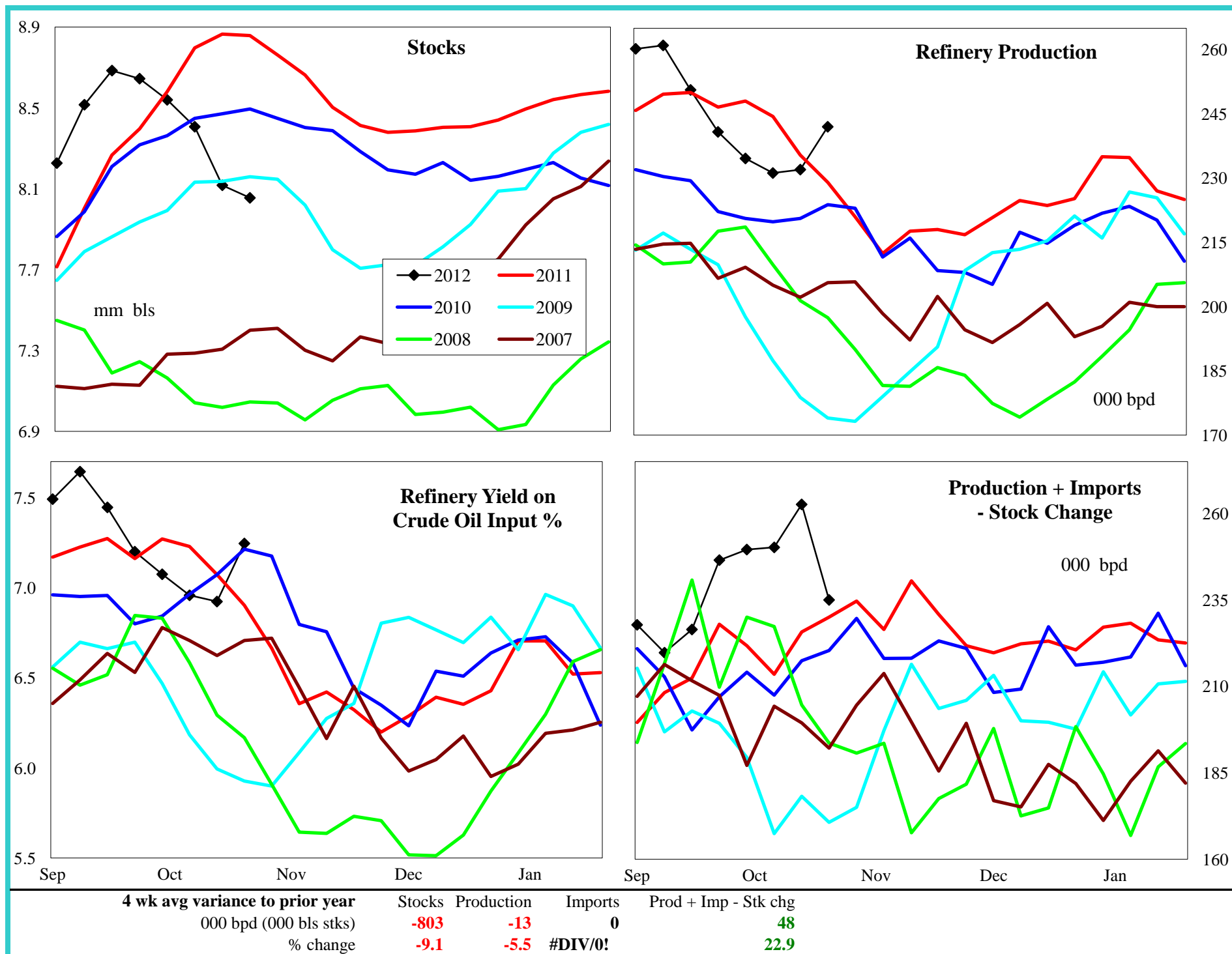


# PADD 2 Distillate Supply

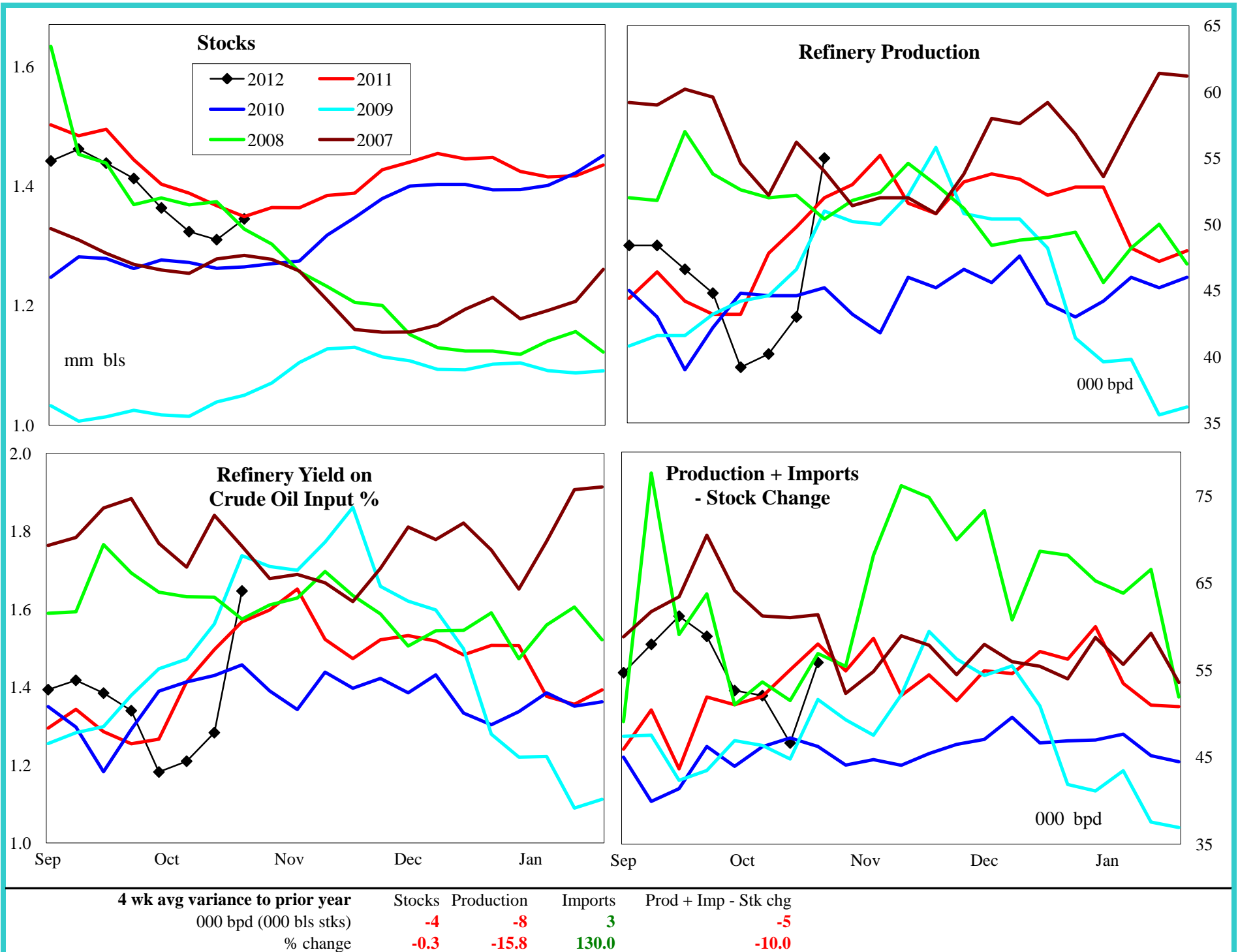




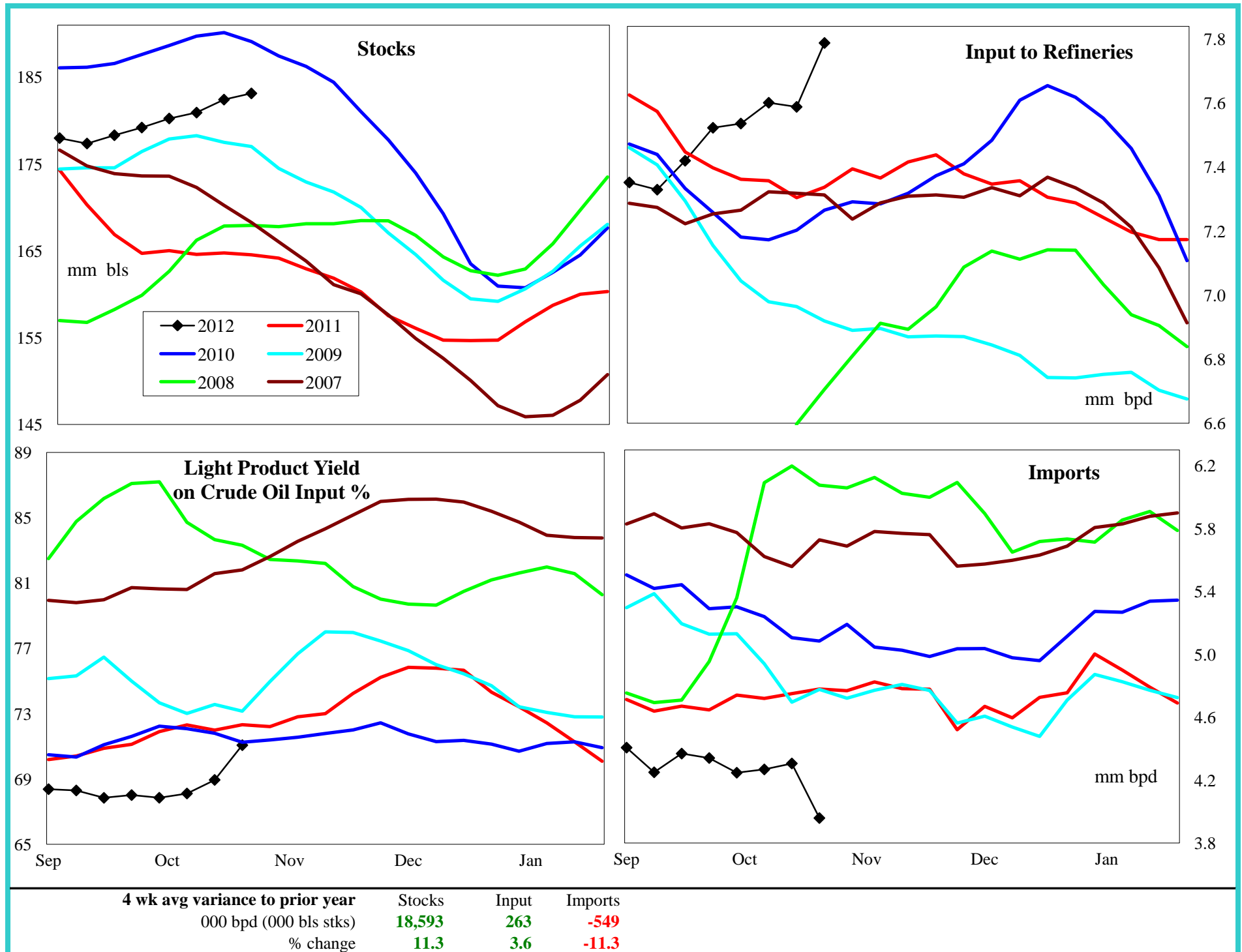
# PADD 2 Jet Fuel Supply



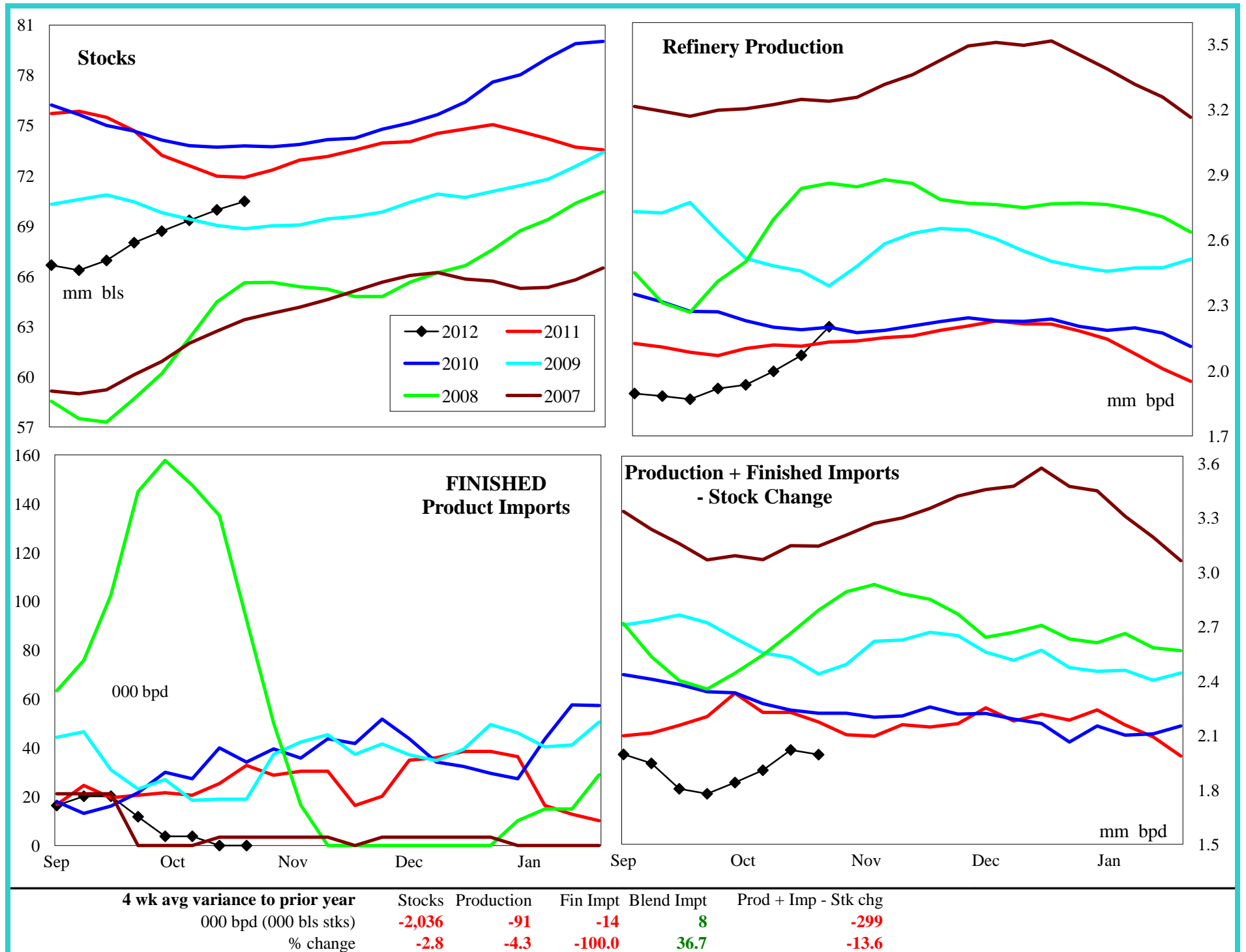
# PADD 2 Residual Fuel Oil Supply



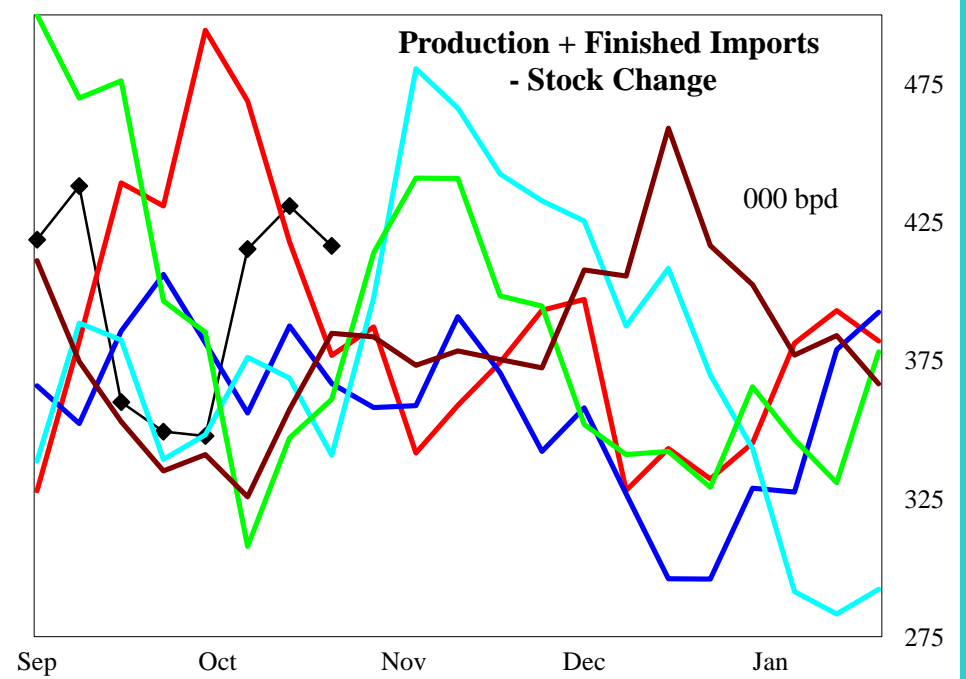
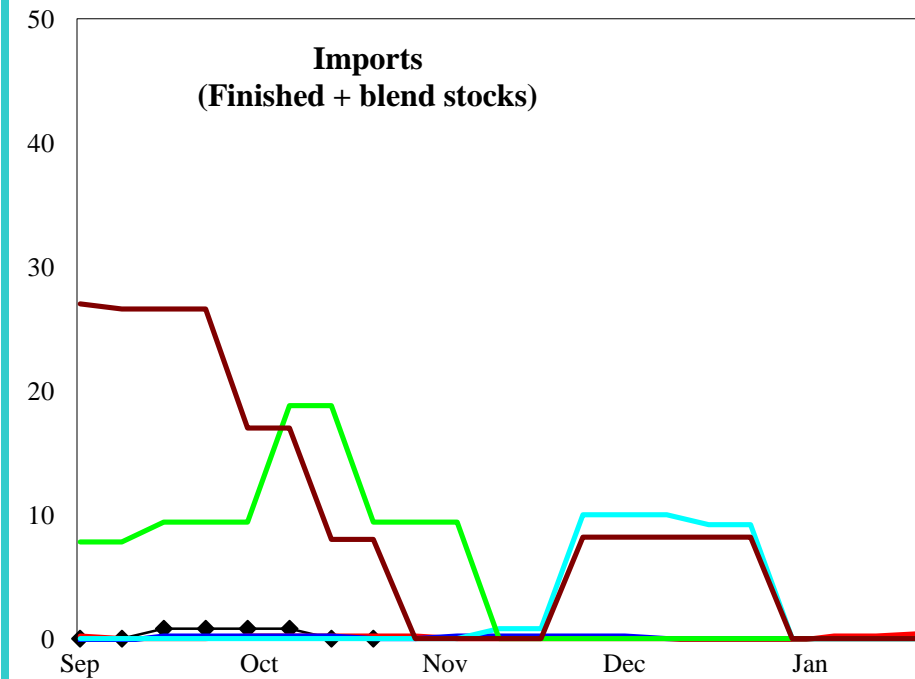
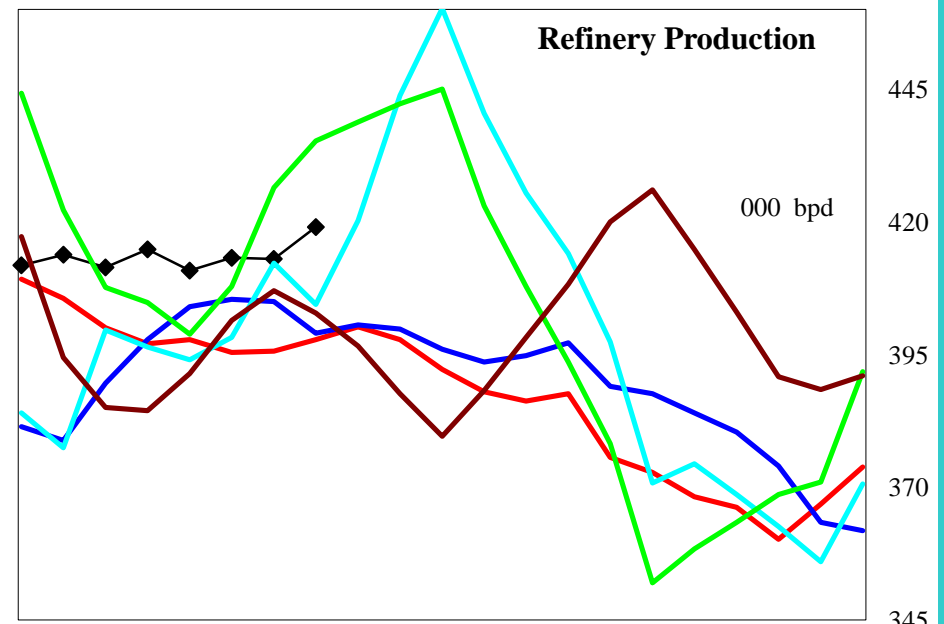
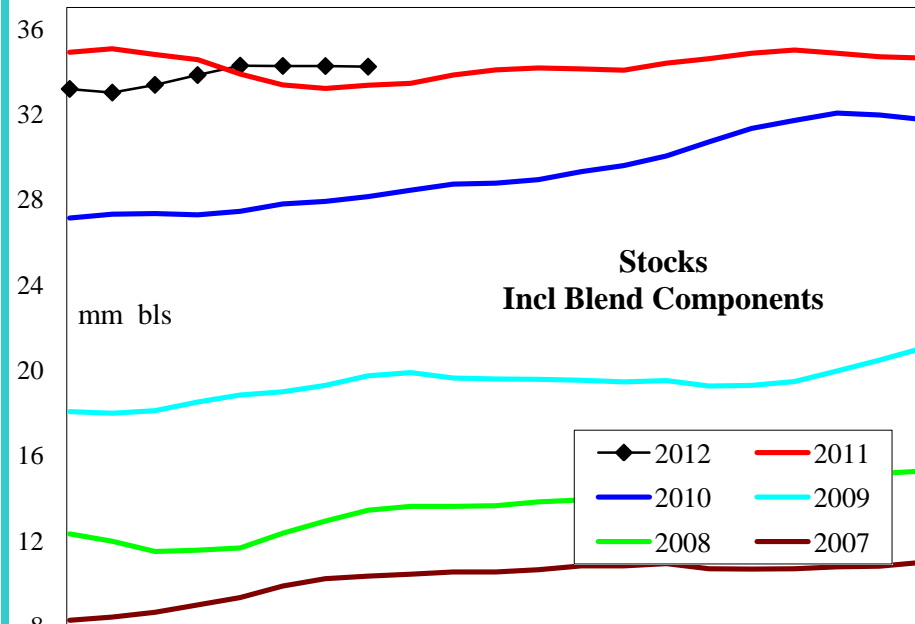
# PADD 3 Crude Oil Supply and Refining



# PADD 3 Gasoline Supply



# PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

978

19

1

-14

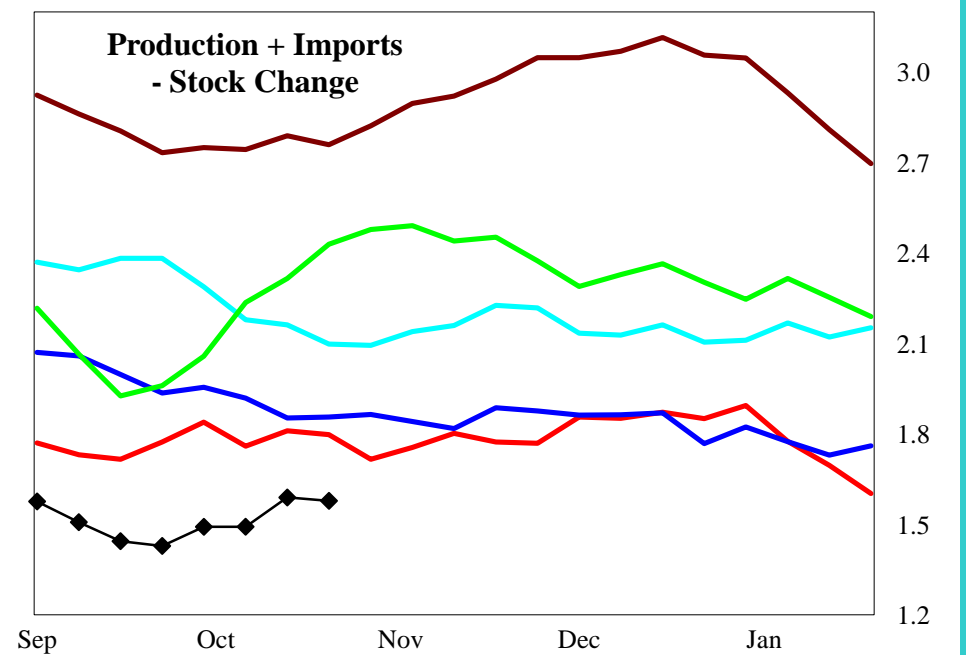
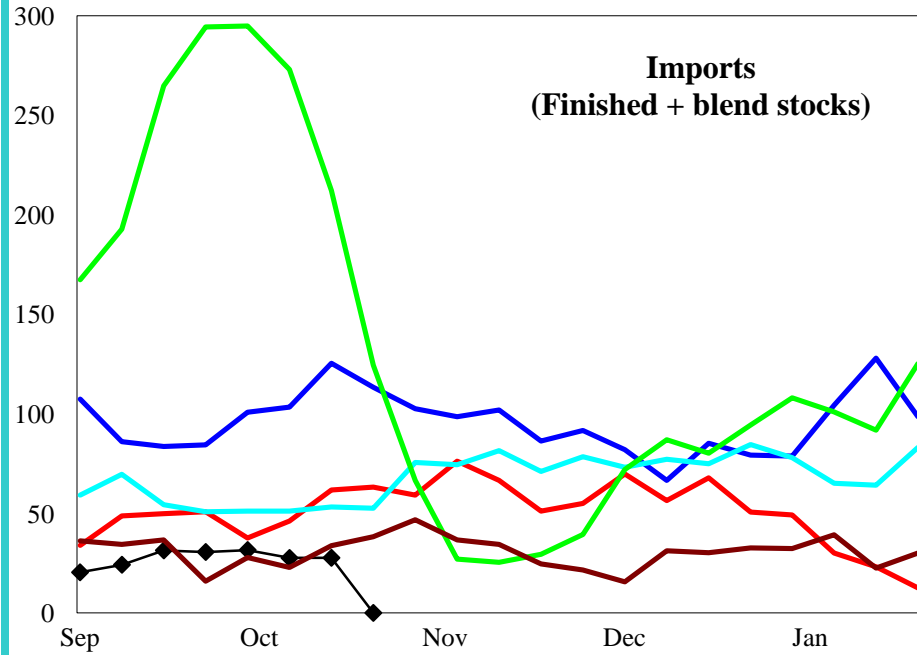
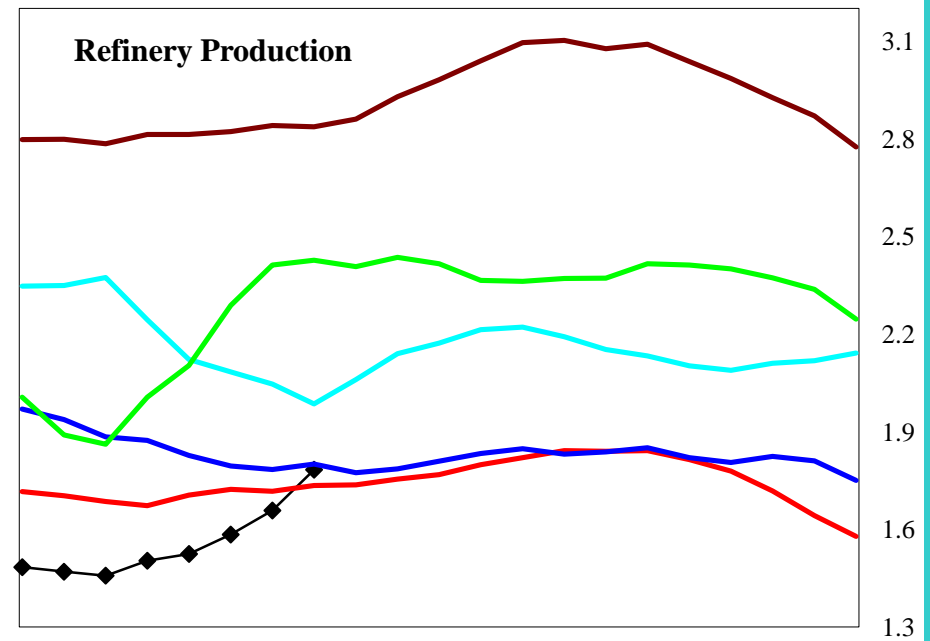
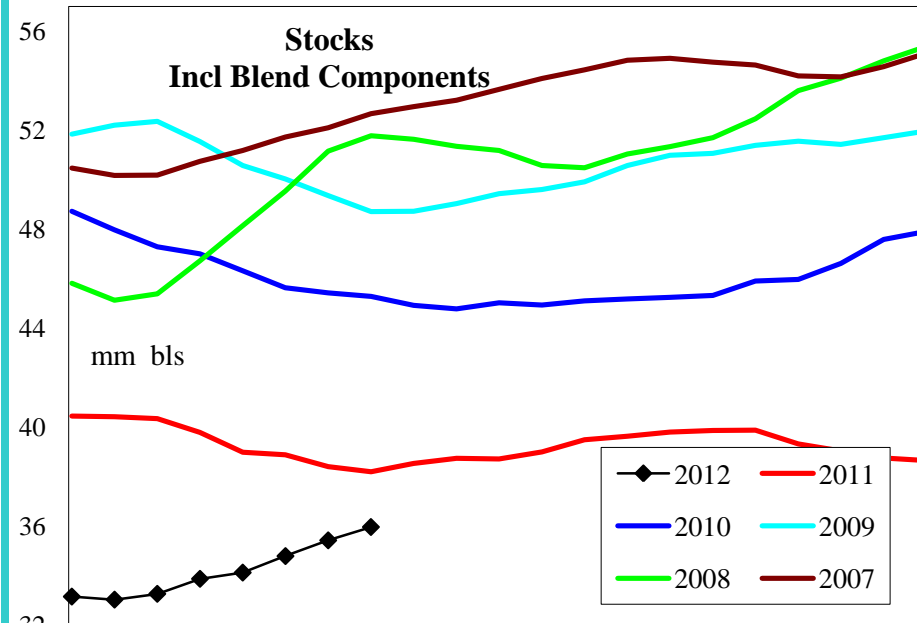
2.9

4.8

300.0

-3.5

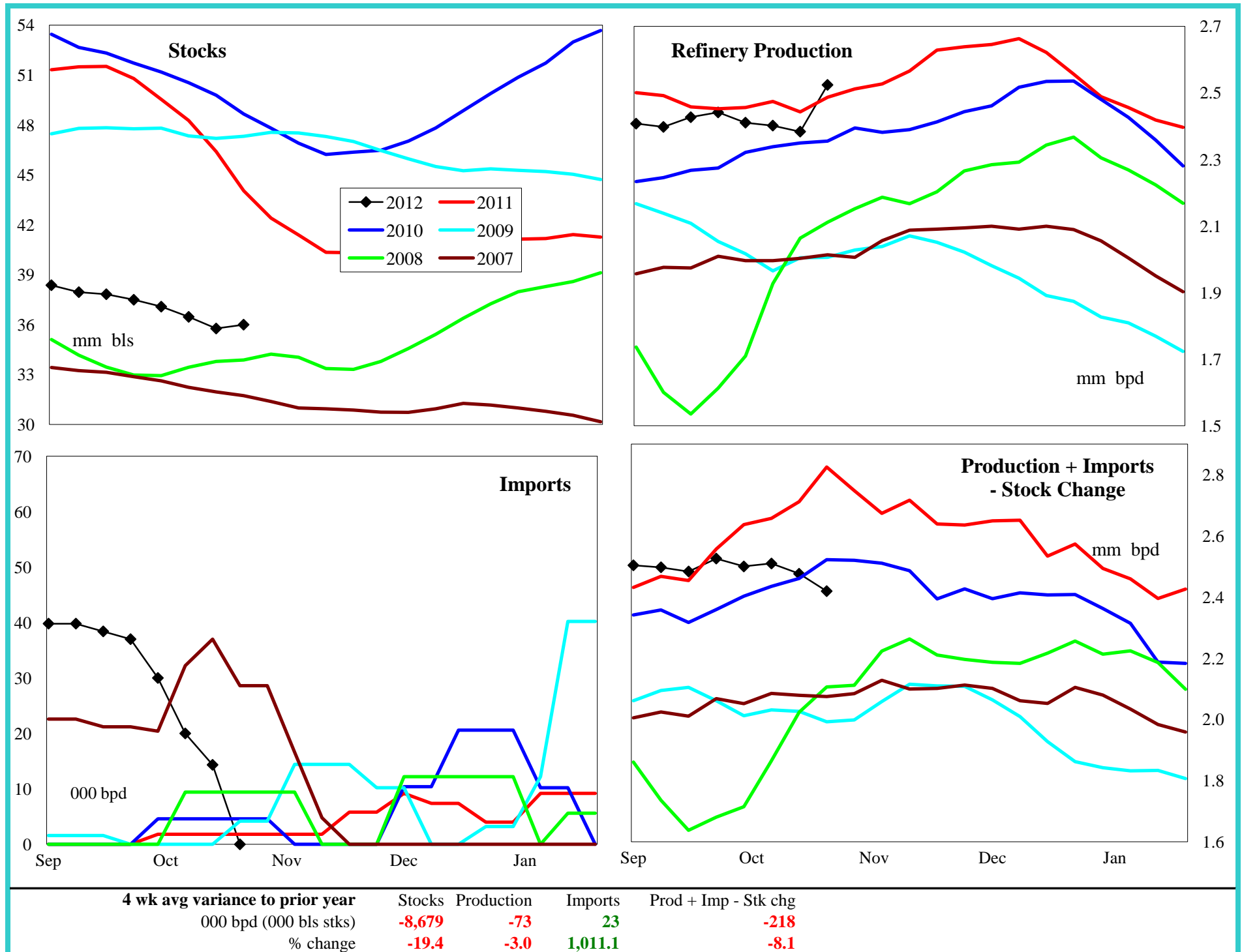
# PADD 3 Conventional Gasoline Supply



**4 wk avg variance to prior year**  
000 bpd (000 bbls stks)  
% change

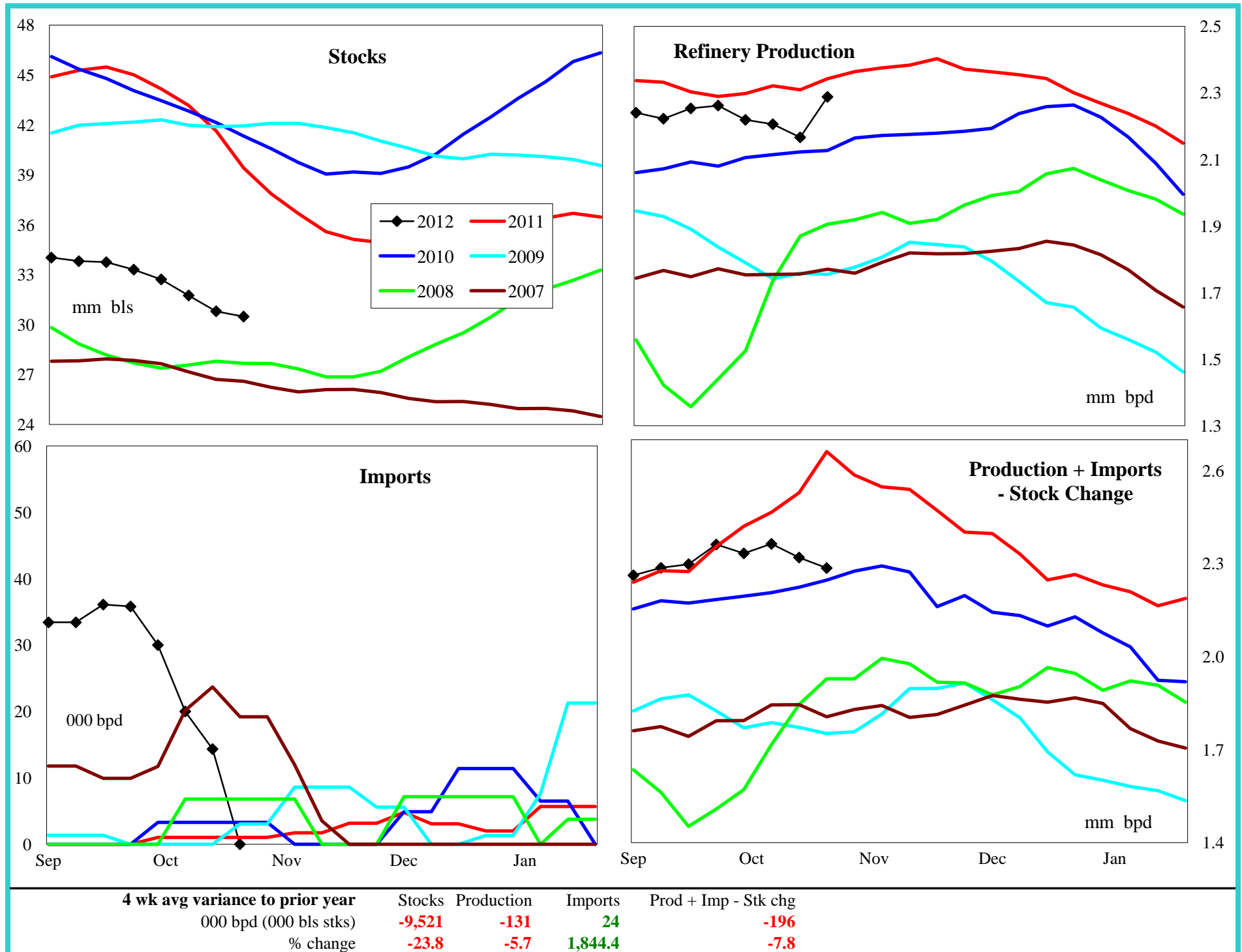
Stocks	Production	Imports	Prod + Imp - Stk chg
-2,935	-110	-7	-287
-7.5	-6.4	-18.5	-16.0

# PADD 3 Distillate Supply

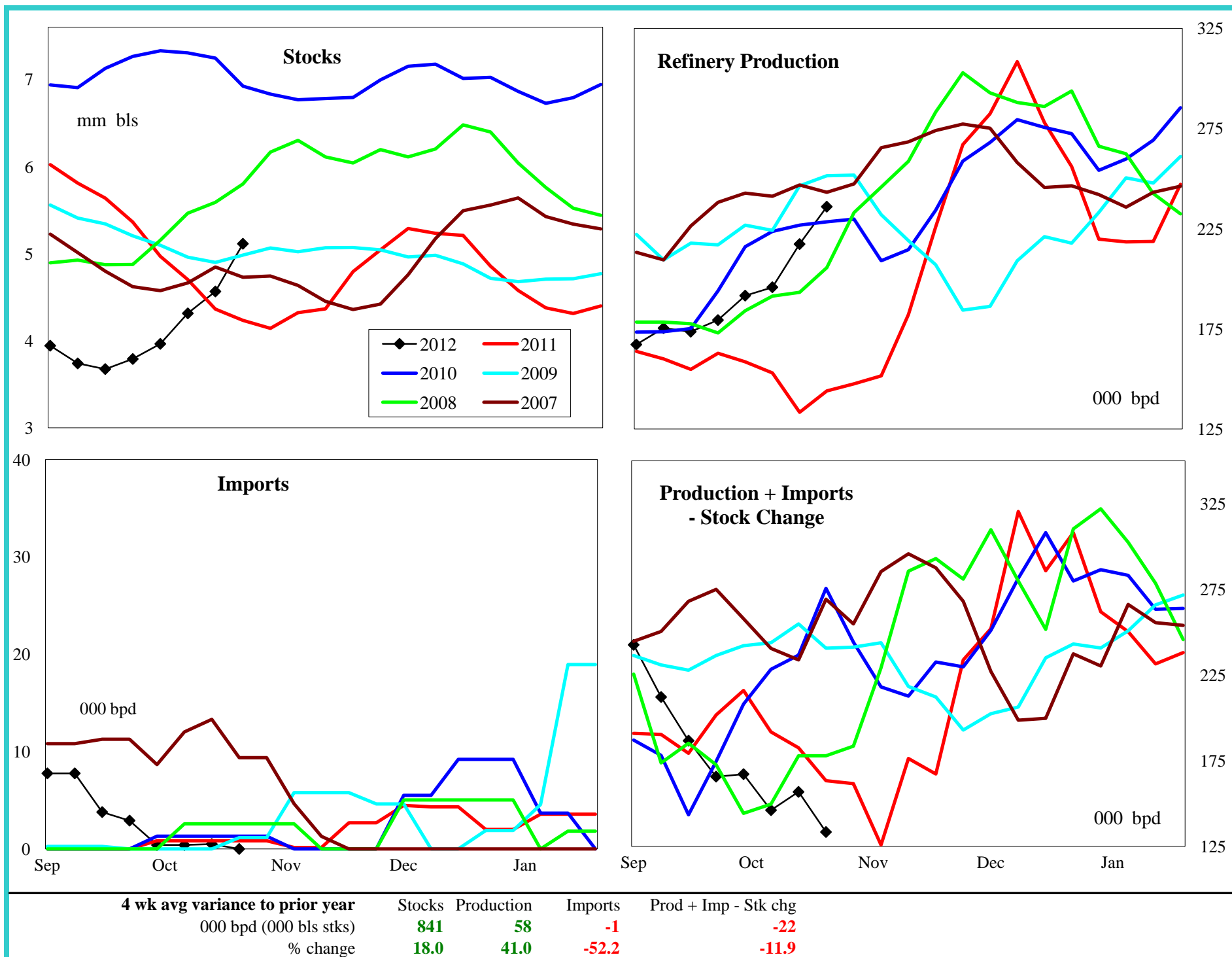




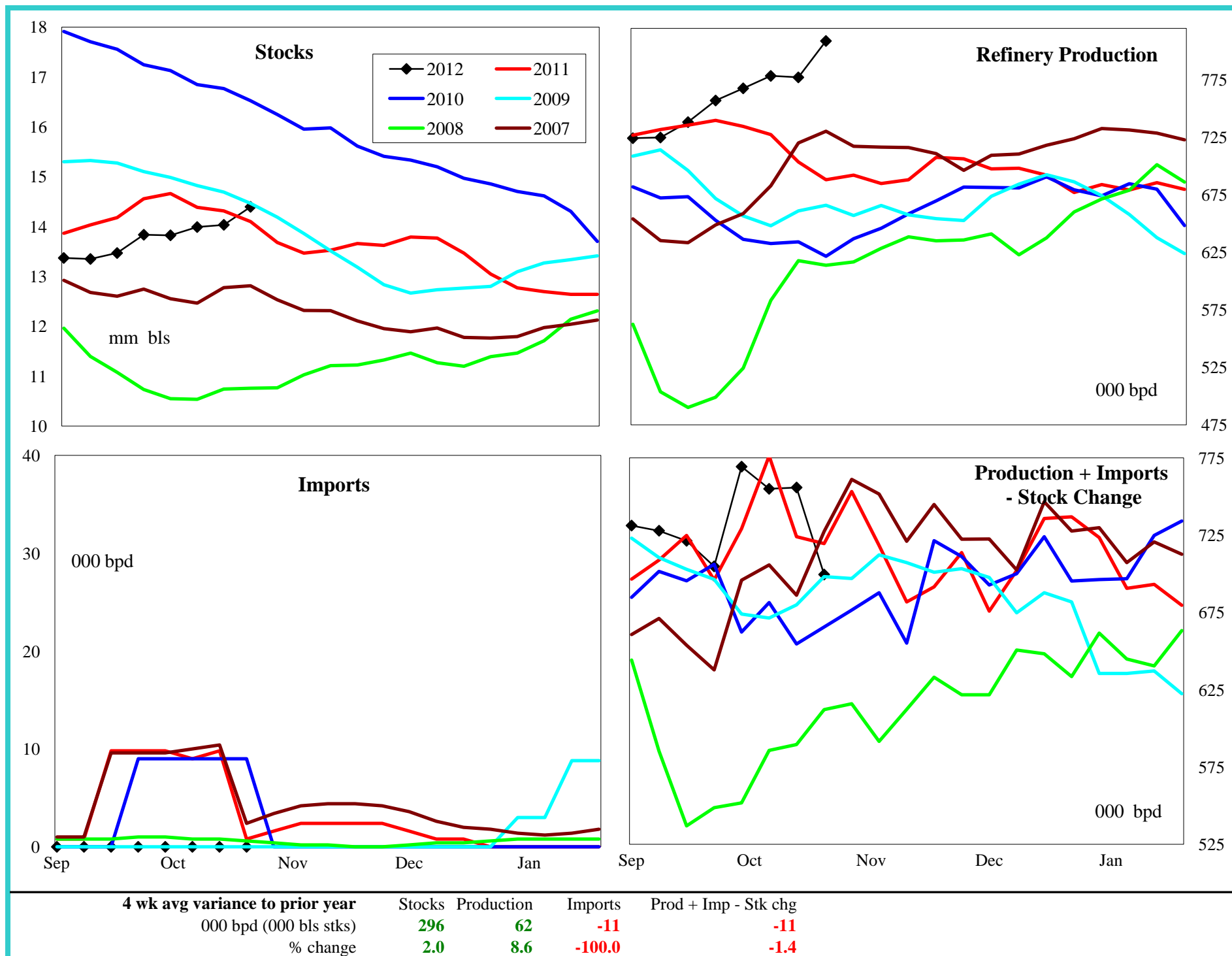
# PADD 3 Low Sulfur Distillate Supply



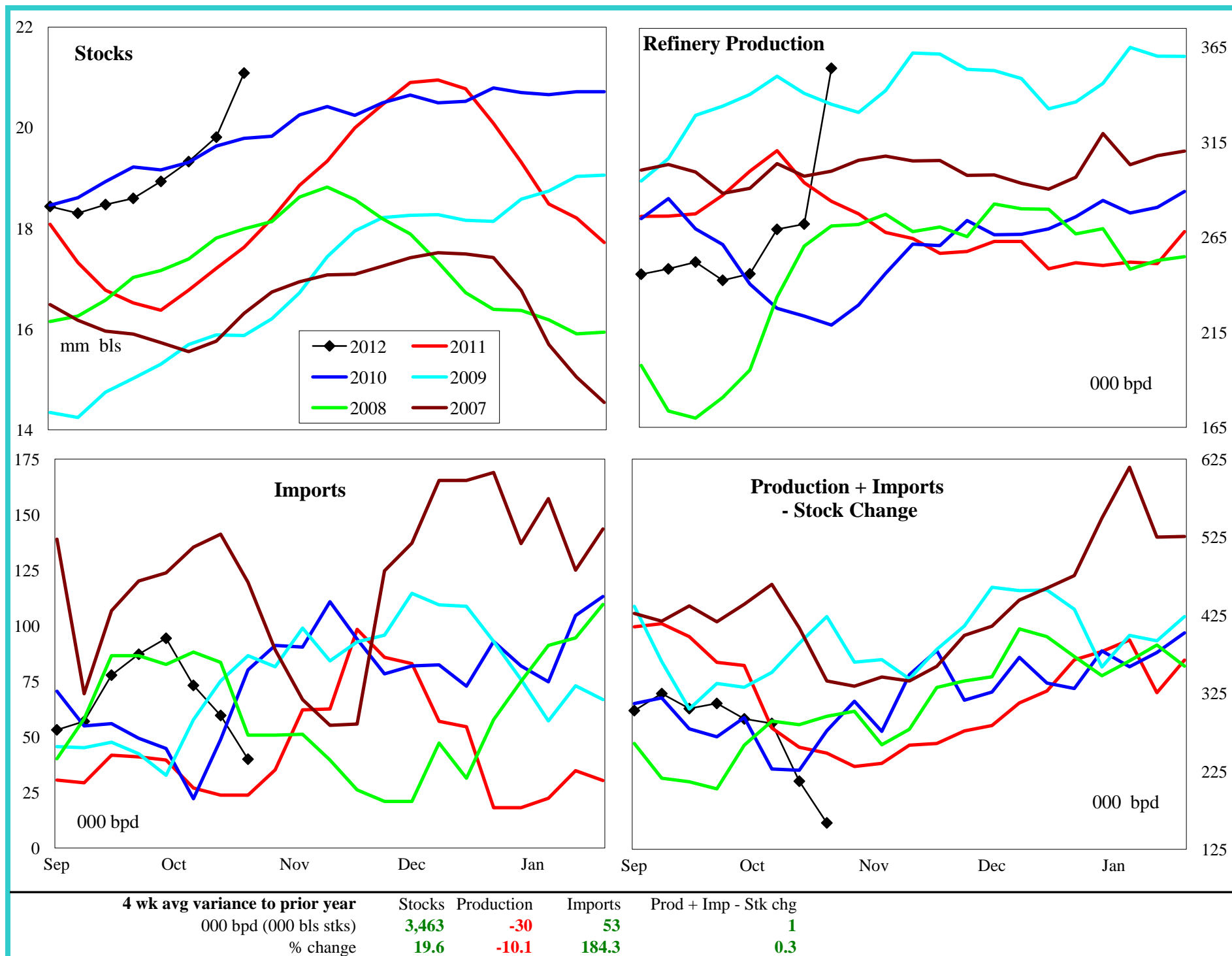
# PADD 3 High Sulfur Distillate Supply



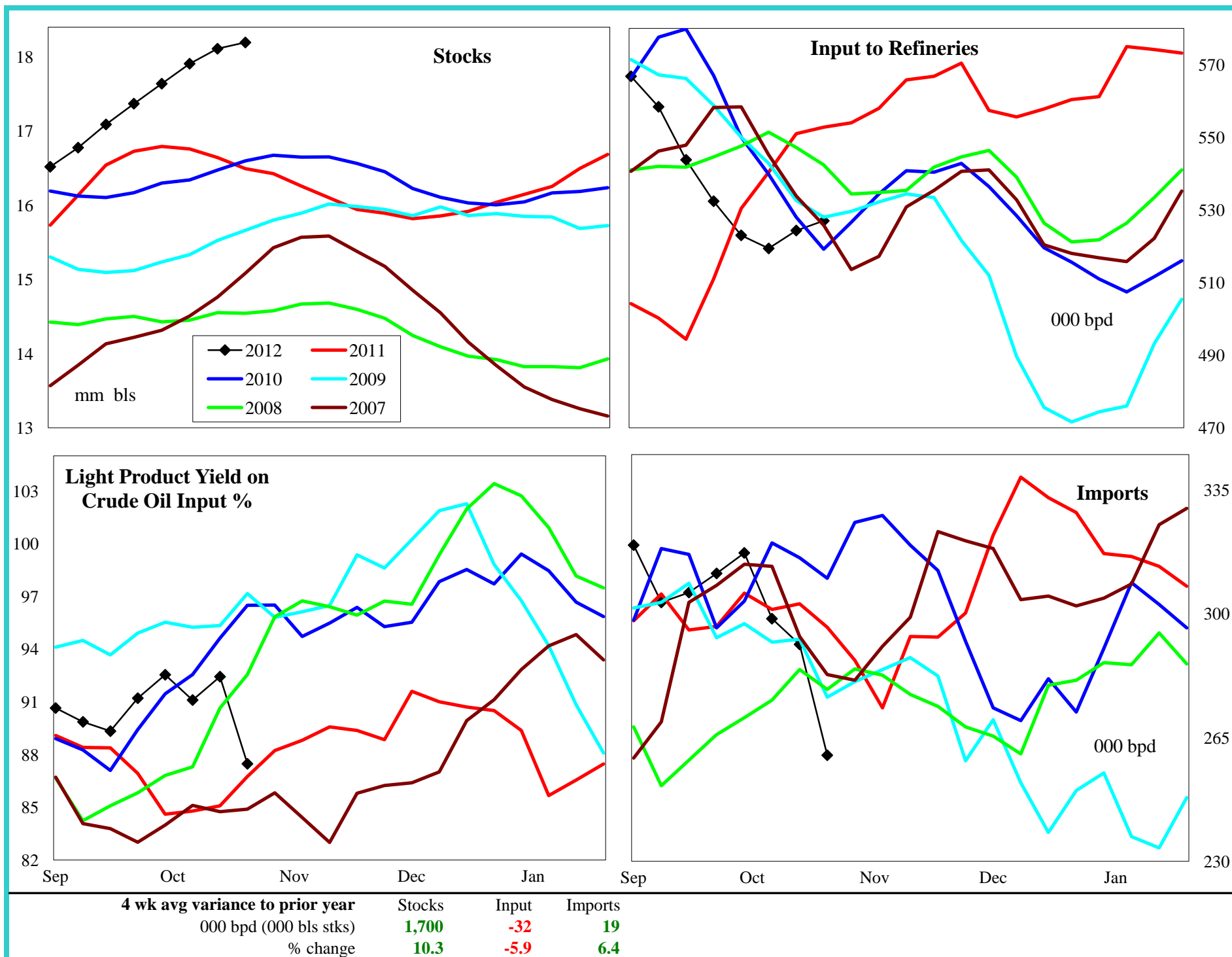
# PADD 3 Jet Fuel Supply



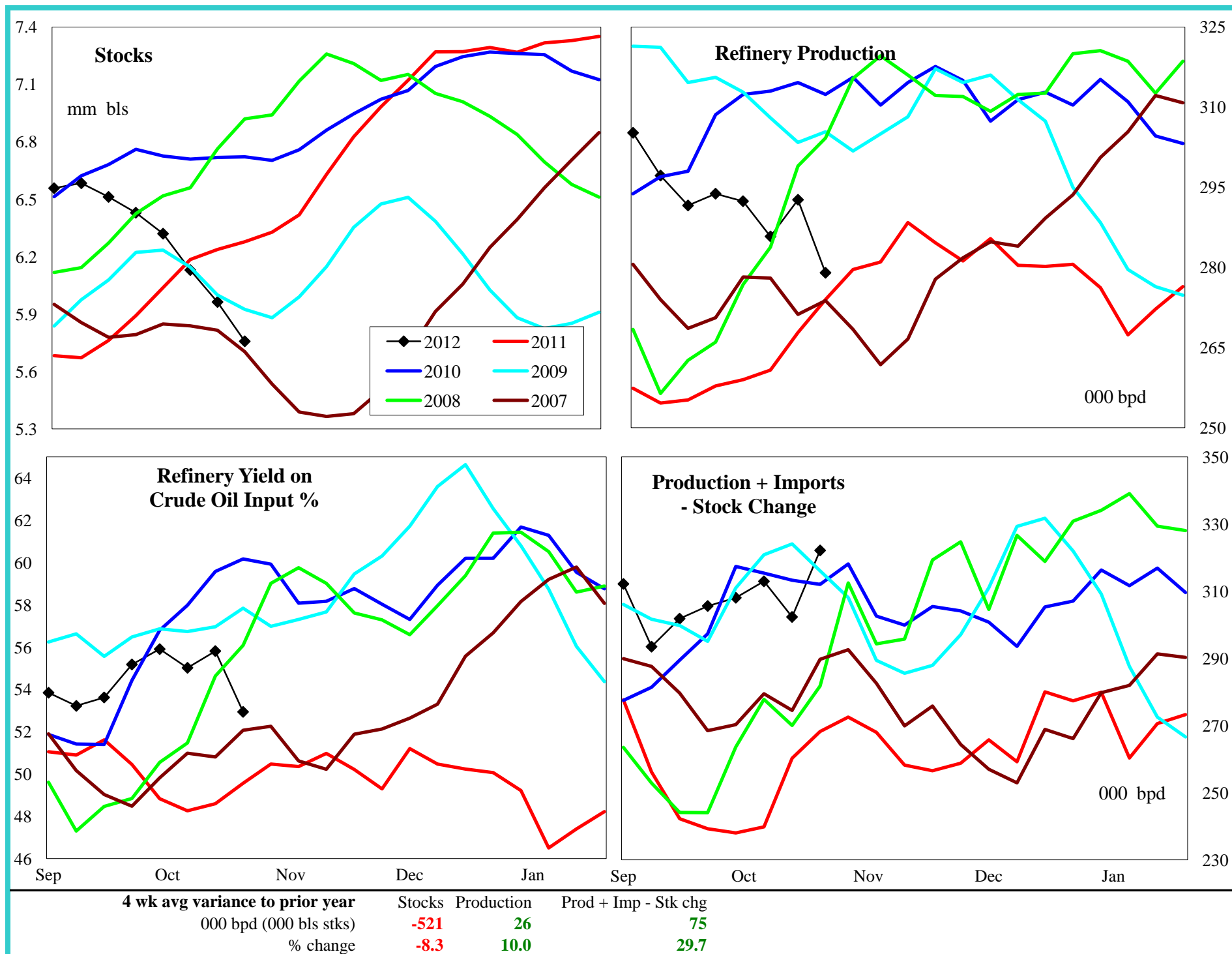
# PADD 3 Residual Fuel Oil Supply



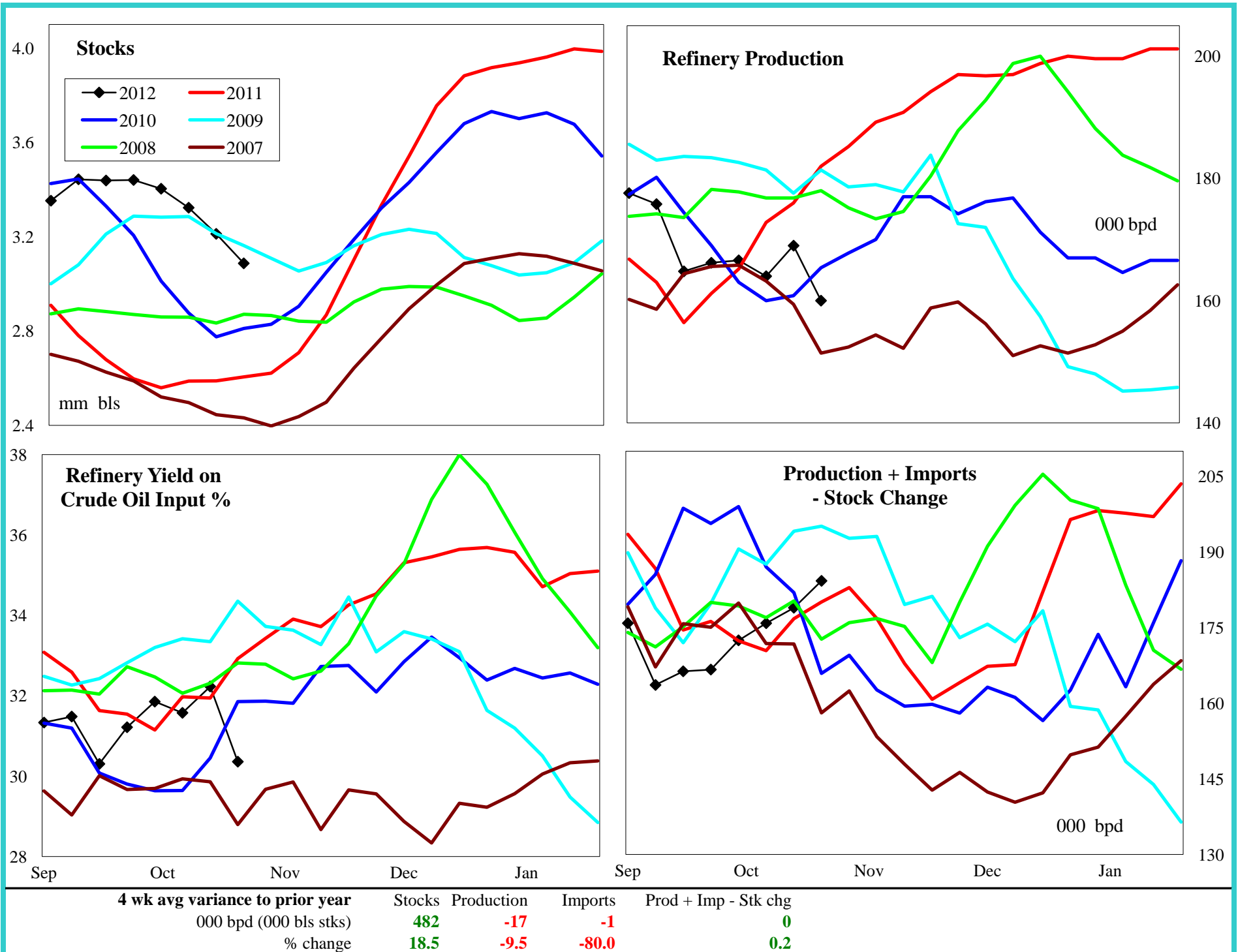
# PADD 4 Crude Oil Supply and Refining



# PADD 4 Gasoline Supply

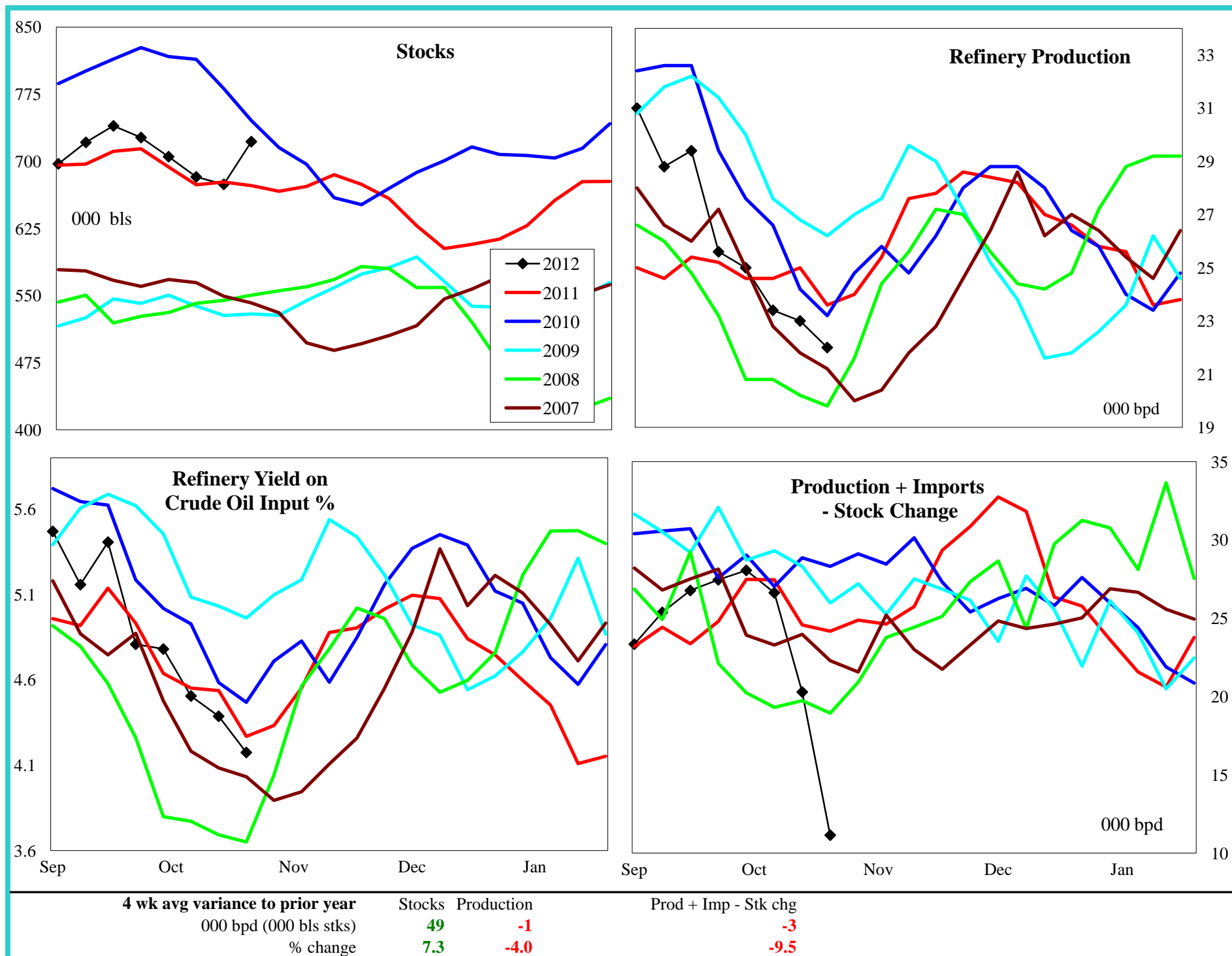


# PADD 4 Distillate Supply

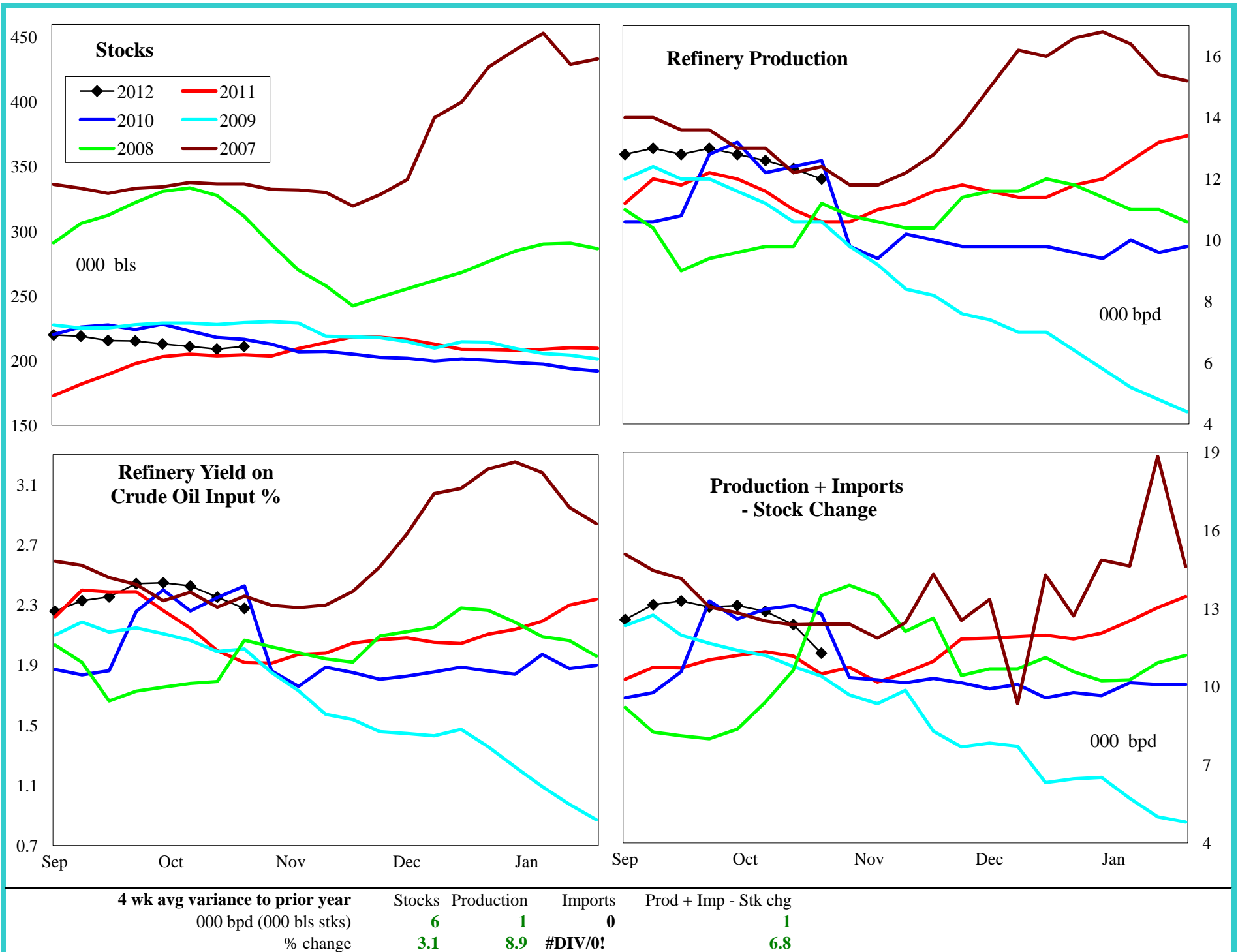




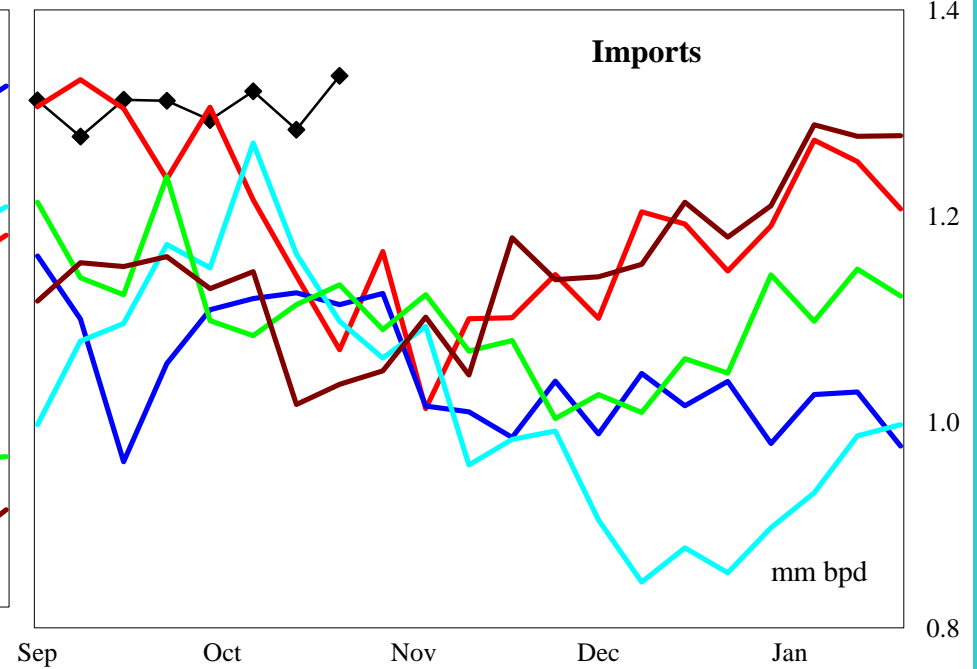
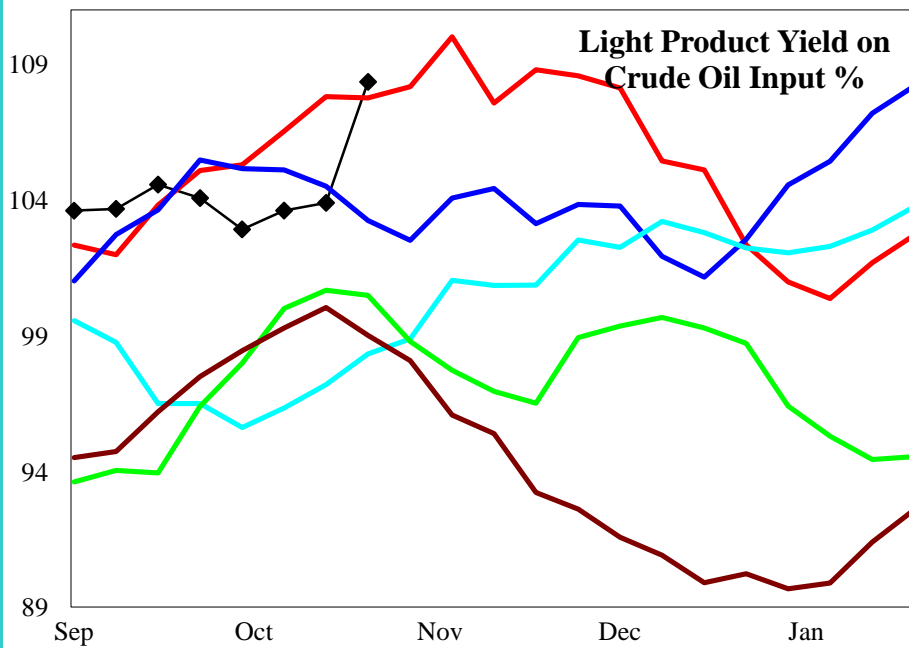
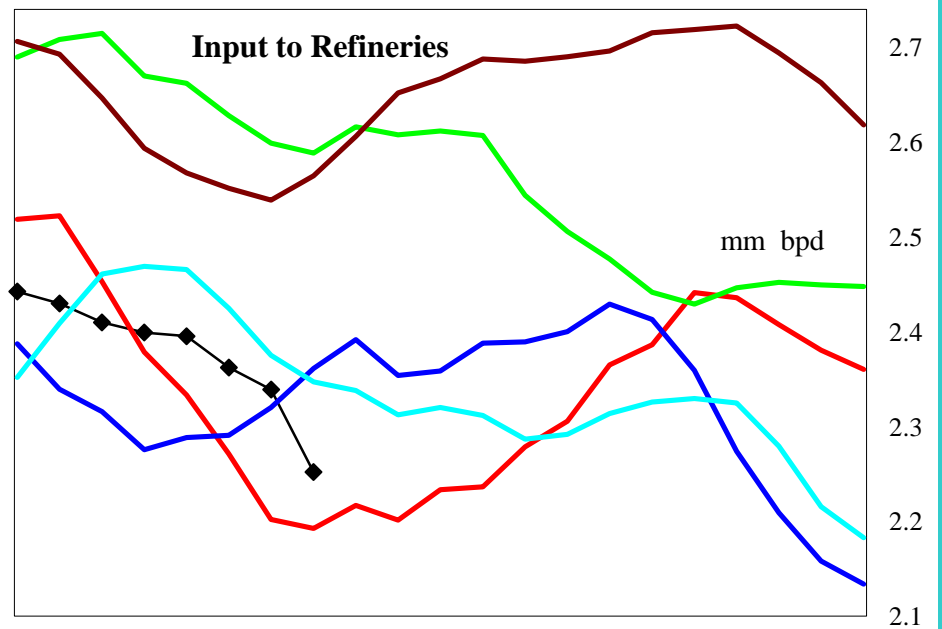
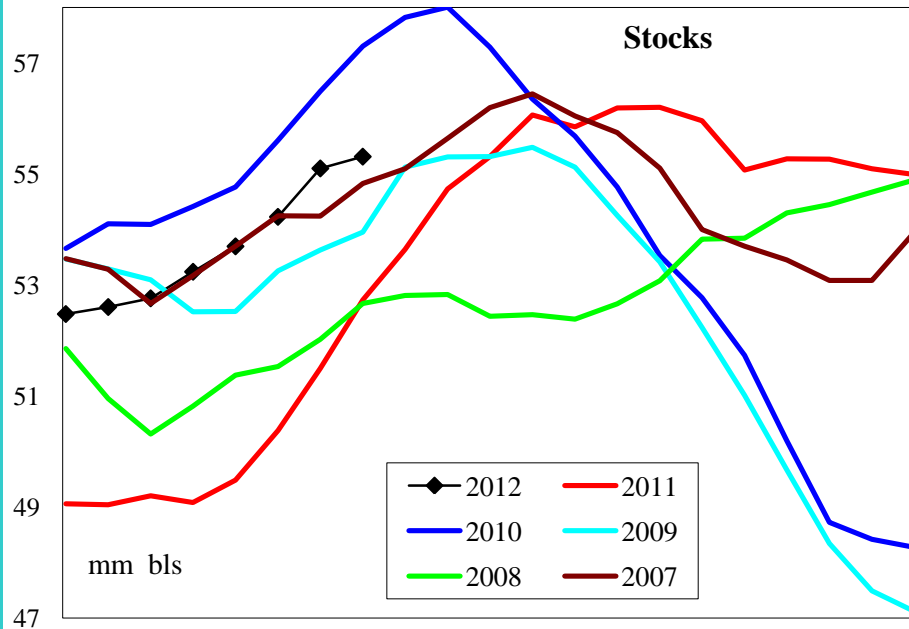
# PADD 4 Jet Fuel Supply



# PADD 4 Residual Fuel Oil Supply



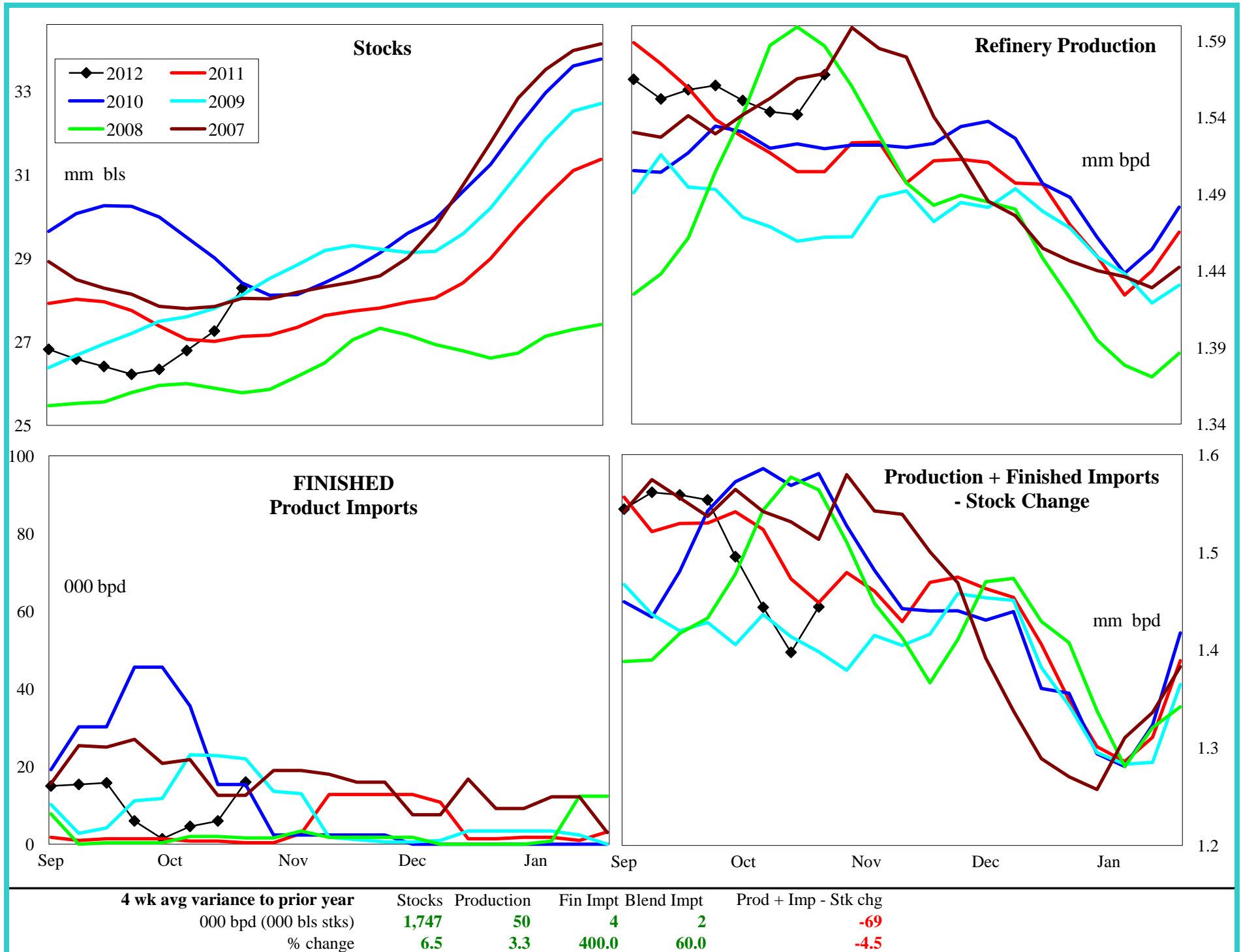
# PADD 5 Crude Oil Supply and Refining



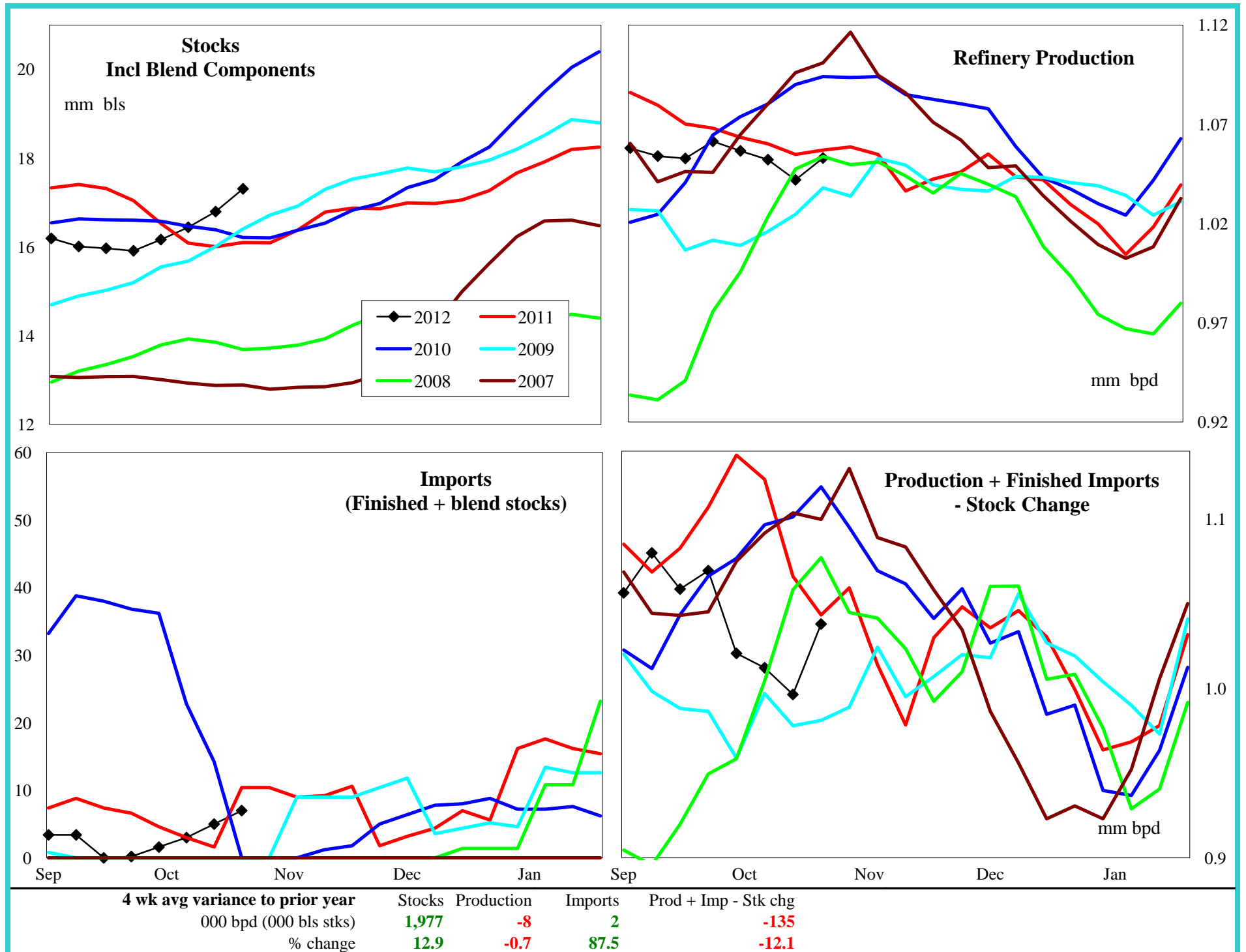
**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

	Stocks	Input	Imports
000 bpd (000 bls stks)	2,584	127	184
% change	4.9	5.7	16.3

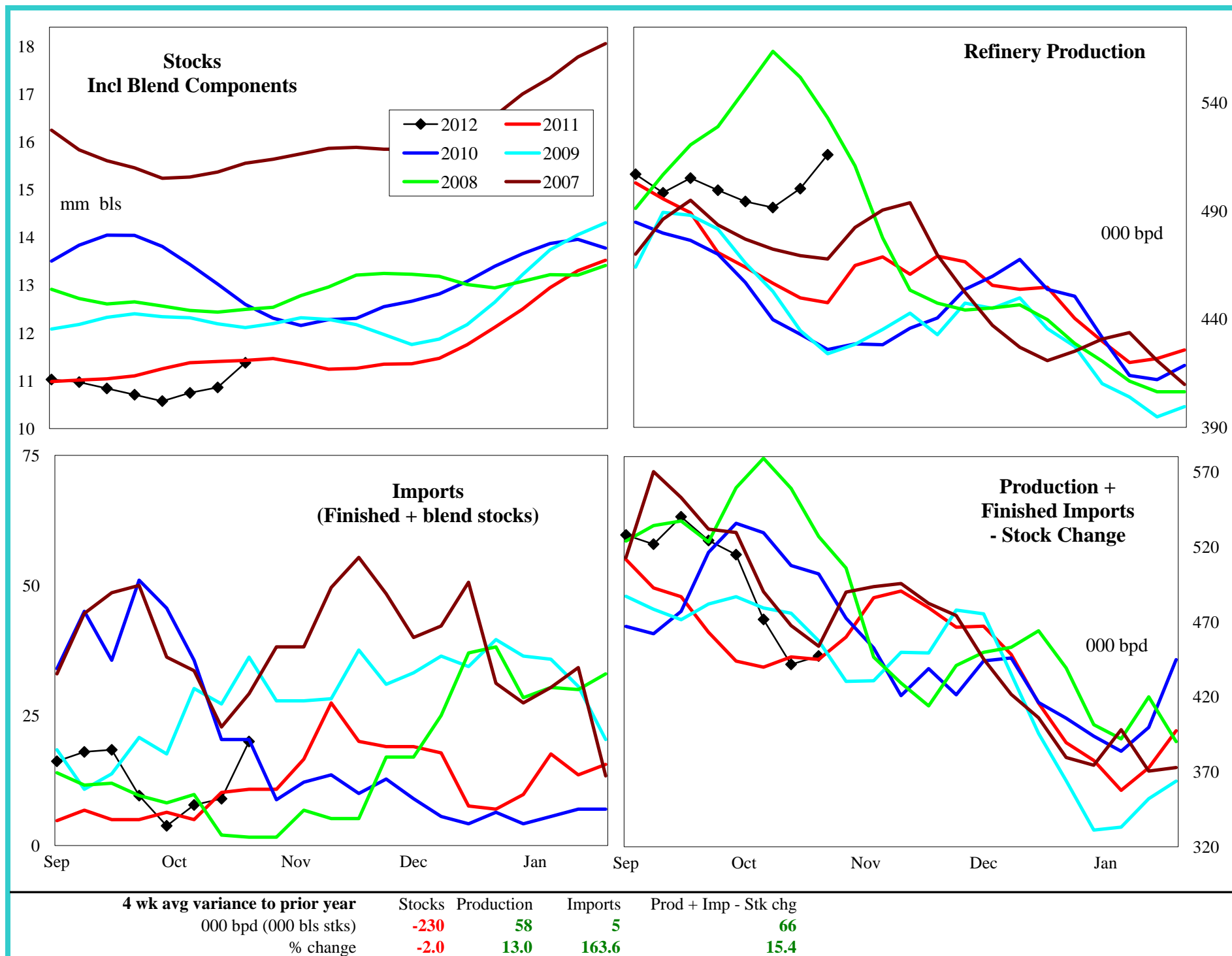
# PADD 5 Gasoline Supply



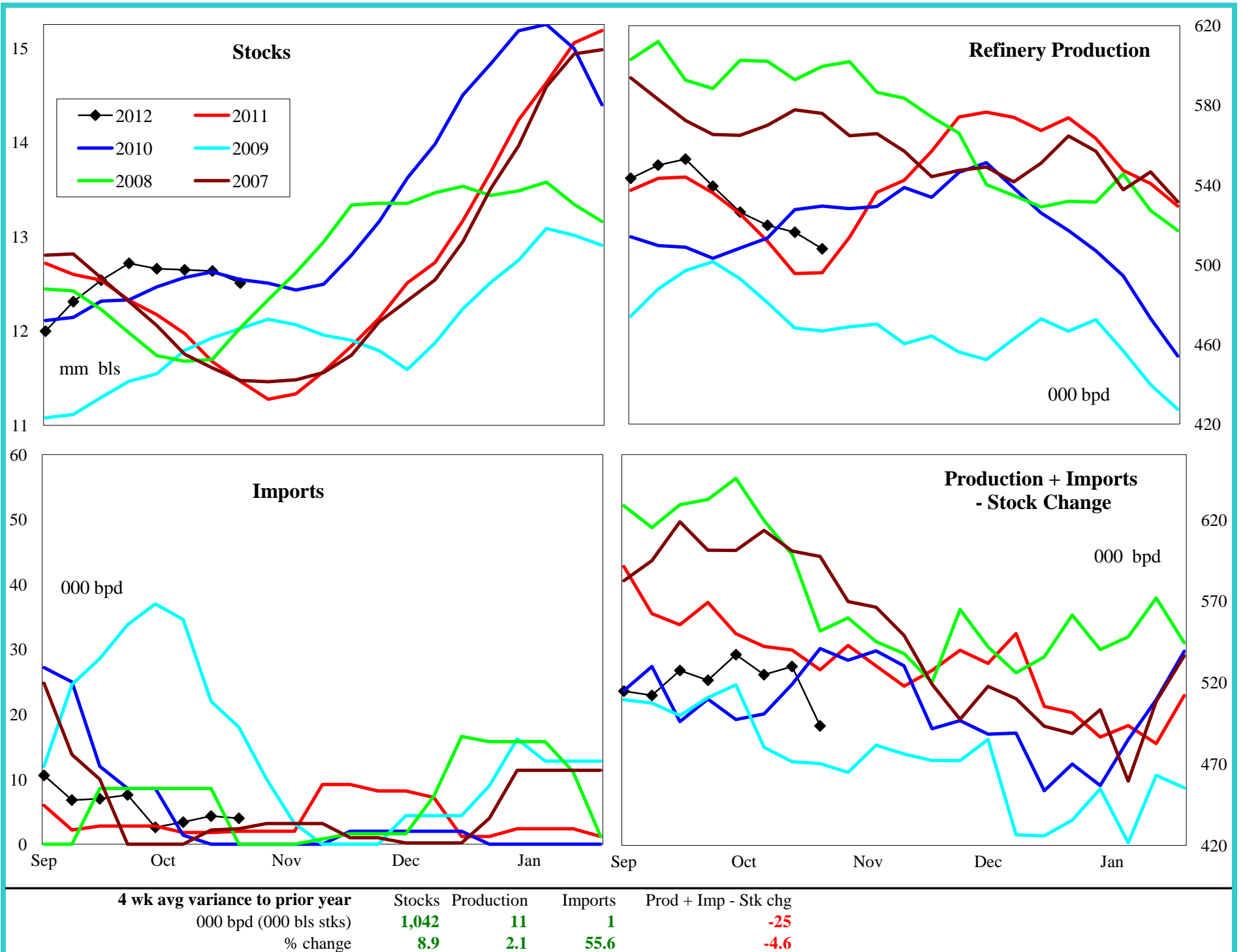
# PADD 5 Reformulated Gasoline Supply



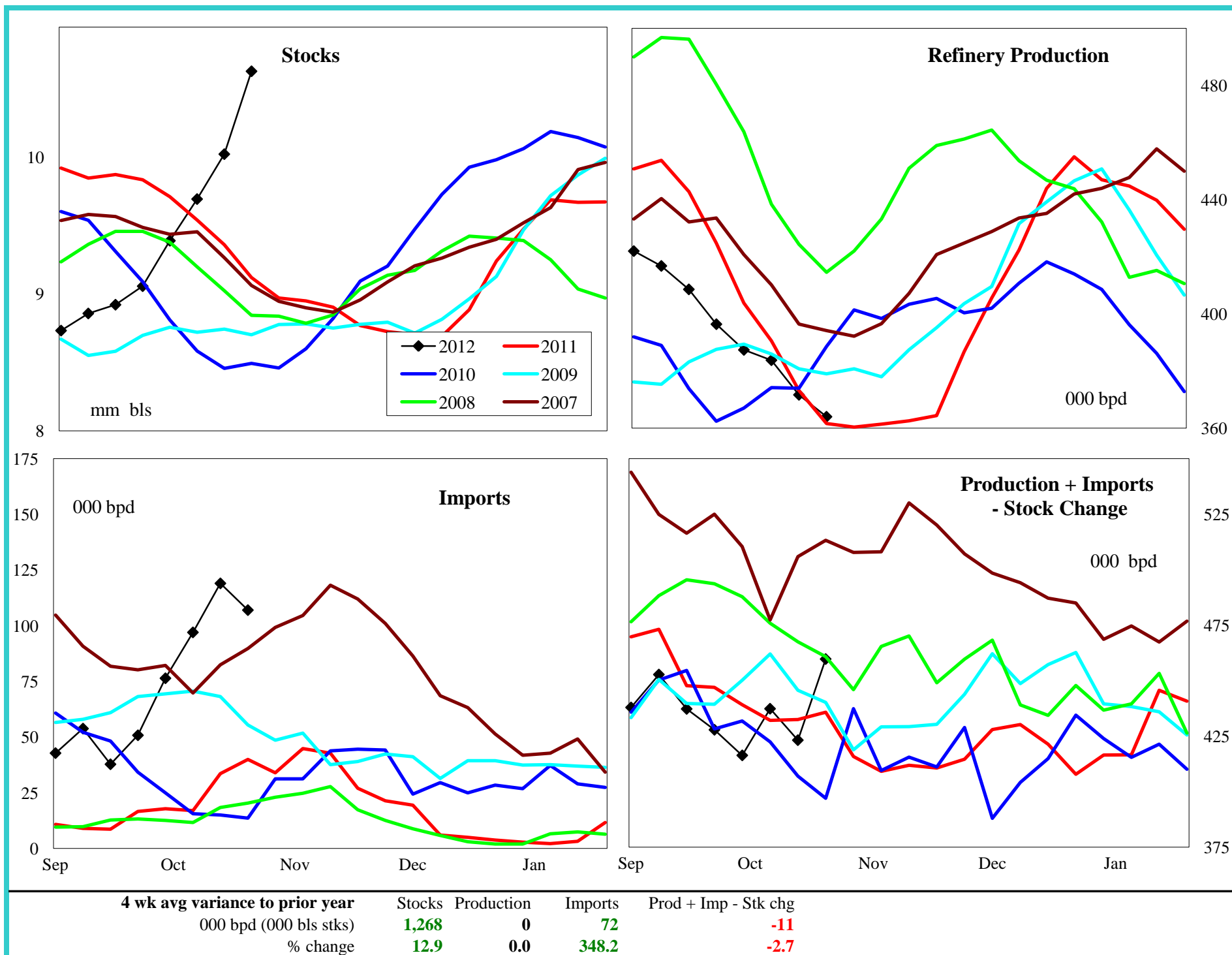
# PADD 5 Conventional Gasoline Supply



# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply





# PADD 5 Residual Fuel Oil Supply

